2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Ayden, North Carolina

FISCAL YEAR ENDING JUNE 30, 2018

TOWN OF AYDEN, NORTH CAROLINA

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Year Ended June 30, 2018

And Report of Independent Auditors

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INTRODUCTORY SECTION

TOWN OF AYDEN, NC
INCORPORATED 1891

OFFICE OF THE
FINANCE DIRECTOR

December 31, 2018

To the Honorable Mayor, Town Council and the Citizens of the Town of Ayden, North Carolina:

It is our pleasure to submit to you the Town of Ayden's Comprehensive Annual Financial Report. North Carolina General Statues require that every general purpose local government publish within four months of the close of each fiscal year a complete set of audited financial statements. This report, the Comprehensive Annual Financial Report, is published to fulfill that requirement for the fiscal year ending June 30, 2018.

Management of the Town is responsible for establishing and maintaining a system of internal controls. The controls are designed to provide reasonable assurance that: (1) assets are safeguarded against loss, theft or unauthorized use; and, (2) the financial records are reliable, and allow for the preparation of the financial statements in conformity with generally accepted accounting principles, and demonstrate compliance with applicable legal requirements. Reasonable assurance recognizes that the cost of a control should not exceed its benefit and evaluation of costs and benefits requires estimates and judgments by management.

The Town of Ayden has engaged the audit firm of Cherry Bekaert LLP to audit the Town's financial statements. Cherry Bekaert has issued an unmodified opinion of the Town of Ayden's financial statements for the year ended June 30, 2018.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it. The information contained in this CAFR is the responsibility of the Town's management.

Profile of the Town of Ayden

The Town of Ayden was established in 1891 and is located in southwest Pitt County. Ayden is the third largest municipality in the county and is part of the Greenville Metropolitan Area. The Town is located 6 miles south of Greenville and 16 miles north of Kinston, home to the NC Global Transpark. Ayden consists of 3.11 square miles, and has an estimated population of approximately 5,191. The population for Pitt County is 177,220 per the United States Census Bureau.

The Town operates in the Council/Manager form of Government. The mayor and five members are elected on a non-partisan at-large basis. The mayor serves a four year term and board members serve four year staggered terms. The mayor can only cast the tiebreaking vote. The Town Board of Commissioners holds policymaking and legislative authority. They are responsible for passing ordinances, adopting the annual budget, appointing board members and hiring the Town Manager. The Town Manager is responsible for managing and overseeing the daily operations of the Town.

The Board is required to adopt a fiscal year operating budget by no later than June 30th of each year. The Town Manager annually submits to the Town Board a proposed budget for the upcoming fiscal year. The Town's Department Heads submit recommendations to the Town Manager for consideration. The manager then considers the budgetary constraints and develops the budget he presents to the Town Board. A public hearing is then held in order to give citizens an opportunity to review the document and communicate questions, concerns, or support of the recommendation. The budget is then adopted and takes effect beginning July 1st of each year.

The Town is a full service community offering our citizens police and fire protection, sanitation, recreation, community development, planning and zoning, cemetery, public works, electric, water, sewer, and stormwater services. The financial report includes all of these various functions and activities related to the operations of the Town.

Local Economy

Ayden's economy is a diverse mixture of commercial, industrial and agricultural endeavors. The Town has two industrial parks, Worthington Industrial Park and Minges Corporate Park. Both parks have full utilities and infrastructure in place for future growth. One the Town's largest industries is Weyerhaeuser. The company has been a part of the Ayden community for several years and is the Town's largest utility customer. Other companies like Minges Bottling Company, CMI Plastics, and Harvest Time Foods are located in the Ayden community and help provide local jobs and that, in turn, increase retail commerce.

Future commercial growth near the new Highway 11 bypass interchange, which is scheduled to open in November 2019 is expected. In anticipation of this growth, the Town extended water and sewer lines to the new interchange. Ayden has also worked closely with NCDOT in rerouting existing Town utilities to make way for the new bypass.

The Town continues to benefit from its proximity to Greenville and East Carolina University. Pitt County has continued to see steady growth in its economy due to several economic drivers. Examples include, East Carolina University, Vidant Health, DSM, Thermo-Fisher, Mayne Pharma USA, and many others. Development on the south side of Greenville and Winterville continues to push construction activity toward Ayden. The unemployment rate as of June 2018 for Pitt County was 4.5 percent compared to 4.2 for the State of North Carolina.

The Town supports many local community events for its citizens, including two festivals – the Collard Festival, celebrating its 43rd year this September and the Kings of Q BBQ Cookoff and Festival in its third year. Thousands of visitors make their way to Ayden to enjoy live music entertainment, parades, scholarship pageant and great food.

Financial Planning

Ayden has continued to focus on repairing it's sanitary sewer and stormwater infrastructure over the past year. Several projects are ongoing. In 2015, the Town smoke tested its sanitary sewer system and determined a need for approximately $8 million in inflow and infiltration (I&I) repairs. Some $5 million in loans and grants have been secured through the State of North Carolina and the USDA over the past two years to address this I&I problem and approximately half of the repairs have been accomplished to date. Additionally, the Town has secured $706,000 in N.C. Disaster Recovery Funding for stormwater repair work due to damages sustained from Hurricane Matthew in October, 2016 – this repair work is ongoing with about half also completed.

Major Initiatives

For the coming year, Ayden will continue to work on improving its sanitary sewer and stormwater infrastructure. These improvements will continue to reduce the operating costs of its Water and Sewer Fund.

The Town will implement an updated six (6) year Capital Improvement Plan as part of its FY19 –20 Annual Budget preparations.

Ayden is a member municipality of the NC Main Street program. This program assists selected communities across the state in restoring economic vitality to their historic downtowns. Using a comprehensive downtown revitalization process developed by the National Trust for Historic Preservation, Main Street encourages economic development within the context of historic preservation. With the catalyst of the rehabilitation of the 1915 historic Worthington Five & Dime building by Quilt Lizzy, an expanding eastern North Carolina quilting and sewing machine retail phenomenon, Ayden will continue to develop its program to revitalize downtown.

Another initiative, in the works now for several years, is the development and construction of a food commercialization center in the Ayden area. Plans, initially, are the center will focus on processing fermented and acidified foods and will partner with existing produce distributors to provide post-harvest services to produce farmers in the region, including cleaning and sorting of vegetables, packaging, cold storage and staging of deliveries. The Town received pre-approval from the federal Economic Development Administration to submit a grant application for the center. A Business Plan and Feasibility Study for the Center were completed by the Town with a grant from the N.C. General Assembly. As a part of the Business Plan, the Eastern North Carolina Food Commercialization Center Food non-profit was established in September 2017 to seek matching funding for the EDA grant and to manage the predevelopment and operations of the Center. The EDA grant application is projected for submittal later in the spring/summer of 2019.

The Town received pre-approval from the federal Economic Development Administration to submit a grant application for the center. A Business Plan and Feasibility Study for the Center were completed by the Town with a grant from the N.C. General Assembly. As a part of the Business Plan, the Eastern North Carolina Food Commercialization Center Food non-profit was established in September 2017 to seek matching funding for the EDA grant and to manage the predevelopment and operations of the Center. The EDA grant application is projected for submittal later in 2018.

The Town Board continues to use the document "Ayden Community Vision 2030: Building on Our Heritage" to guide it in its decision making in its land use planning endeavors. Additionally, a recent Ayden 2017 Economic Development Strategic Plan, sponsored and funded by ElectriCities of North Carolina, outlines strategies in new business recruitment and downtown revitalization, site and building development, residential development, small business development, internal marketing strategies, and action steps for the Town Board to use. Additionally, the Town Board budgeted for FY18-19 the

completion of an update to its Comprehensive Land Use Plan and the Town's Zoning Ordinance, both of which were last updated in 2004.

During FY17-18, the Town Board approved the purchase of a new diesel generator for its Weyerhaeuser Electric Substation for use in peak demand shaving of the Weyerhaeuser Plant electric load. The new generator will run be operated in parallel with the existing generator at this substation and projections are the generators will shave approximately $250,000 annually in peak demand charges. The new generator will be operational in November, 2018.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ayden for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. The Town has received sixteen Certificates of Achievement since 1995. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

Preparation of this report could not have been accomplished without the cooperation and dedicated efforts of the Finance Department staff, the various employees who assisted in obtaining information, and our independent Certified Public Accountants, Cherry Bekaert LLP. We would also like to thank the Mayor and Board of Commissioners for their interest and support in management of the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,

Robert C Taylor, Jr
Finance Director

Steven L. Harrell
Town Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Ayden
North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Governing Board

Ayden is governed by the council/manager form of government. Under this form of government, the Town Board of Commissioners, which is elected by the people, is the final authority on policy matters relating to Ayden's government. The Board appoints the Town Manager. The Town Manager is the chief administrator of the Town and serves at the discretion of the Board under a contracted term.

The Mayor and Board of Commissioners are the governing body of the Town. The Mayor acts as the head official of the government. The Mayor presides at all Town Board meetings and signs all documents authorized by the Board. The Mayor Pro-Tem is selected by each newly-elected Board and assumes mayoral duties in the absence of the Mayor. The Mayor and Board of Commissioners establish general policies, ordinances, resolutions, adopts the annual budget, approves financing and authorizes contracts on behalf of the Town. They also appoint the Town Manager, Town Attorney and Town Clerk.

Mayor
Stephen Tripp

Mayor Pro-Tem
Ivory Mewborn

Commissioner
Mary Alice Davenport

Commissioner
Ray Langley

Commissioner
Jonny Davis

Commissioner
Phyllis Ross

Management Staff

Town Manager
Steven L. Harrell

Town Clerk
Sarah Radcliff

Town Attorney
Scott Dixon
Dixon Law Group, PLLC

Public Works & Utilities Director
James Proctor

Finance Director
Robert C. Taylor, Jr

Librarian
Rachelle Mondovich

Arts & Recreation Director
William T Duncan

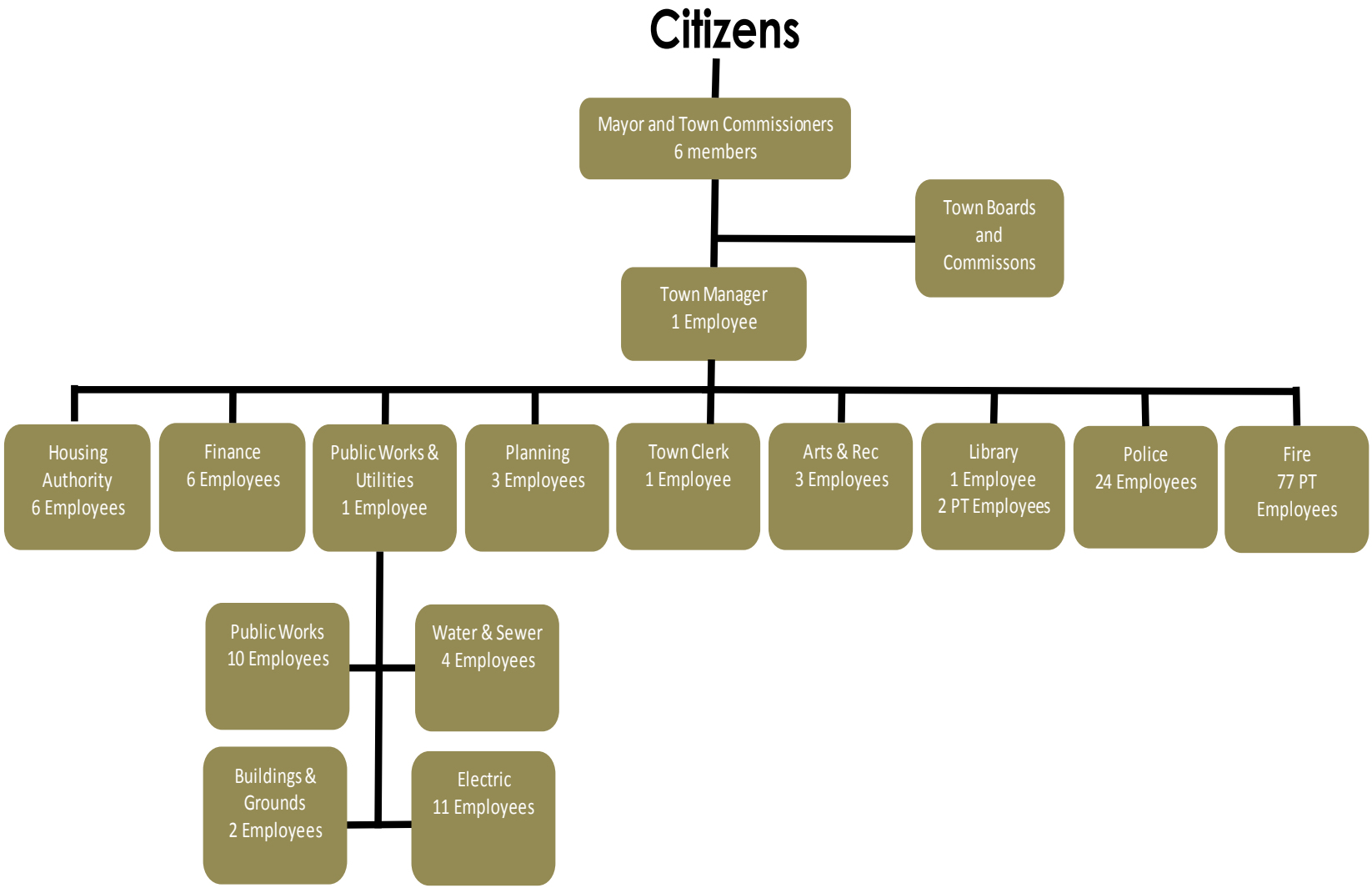
Housing Authority Director
Darrell Butts

Planning Director
Stephen Smith

Police Chief
Barry Stanley

Fire Chief
Sam Jones

Organizational Chart



FINANCIAL SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Ayden, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ayden, North Carolina (the "Town") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Ayden Housing Authority (the "Authority"). Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IX of the financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, net position as of June 30, 2017 has been restated. Our opinion is not modified with respect to this matter.

Also as discussed in Note X to the basic financial statements, the Town had several prior period adjustments to correct errors discovered in the June 30, 2017 financial statements. As a result, net position as of June 30, 2017 has been restated for cash, accounts receivable, accounts payable, and capital assets. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund statements and schedules, other supplementary information, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
December 31, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Ayden, we offer readers of the Town of Ayden's financial statements this narrative overview and analysis of the financial activities of the Town of Ayden for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Ayden exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $22,079,267 ***(net position)***.

- The government's total net position increased by $182,459 including restatements. Decrease in the governmental activities amounts to $318,826 and increase in the business type activities amounts to $501,285. The decrease was primarily due to the implementation of GASB 75.

- At the close of the current fiscal year, the Town of Ayden's governmental funds reported combined ending fund balances of $2,624,116 an increase of $187,213 in comparison with the prior year. Approximately 55.62% of this total amount or $1,459,467 is non spendable, restricted, committed, and assigned.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,164,649 or 24.85% of total general fund expenditures, for the fiscal year.

- The Town of Ayden experienced normal weather conditions during the fiscal year resulting in meeting expected revenues from utility charges and expected expenses from wholesale power purchased.

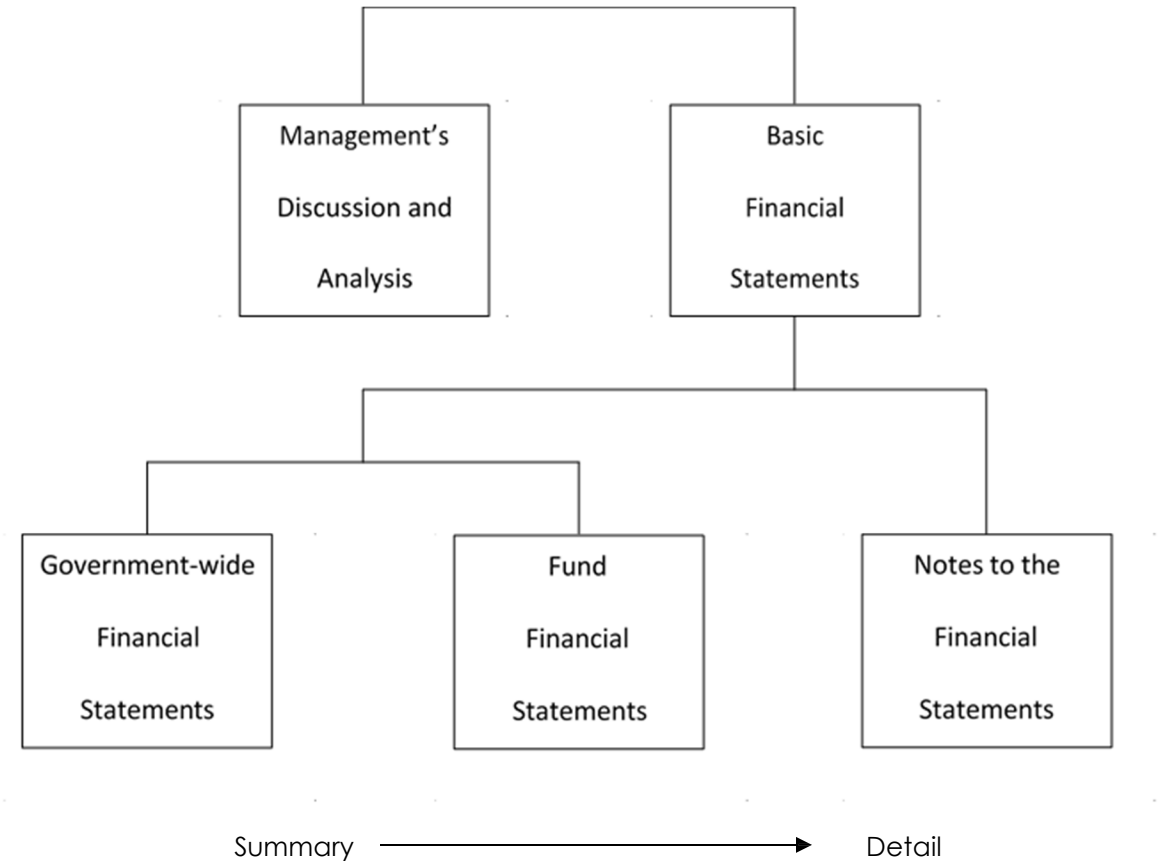
- At June 30, 2018, the Town of Ayden's total debt was $6,495,451. Increase of the Town's debt was a result of purchasing a trash truck for the General Fund and financing sewer line extensions in the Water and Sewer fund.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Town of Ayden's basic financial statements. The Town's basic financial statements consist of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the Town through the use of government wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Ayden.

Required Components of Annual Financial Report

Figure 1



The first two statements (Exhibits A and B) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits C through J) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the Town's pension plans and other post-employment benefits.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the total of the Town's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by Town of Ayden. The final category is the component units. The Ayden Housing Authority (the "Authority") is legally separate from the Town however the Town is financially accountable for the Authority by appointing its members.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Ayden adopts an annual budget for its general Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decision of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activity and for its Electric operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 32 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $22,079,267 as of June 30, 2018. The Town's net position increased by $182,459 during fiscal year ended June 30, 2018. One of the largest portions $12,841,030 (58.16%) reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position $1,489,473 (6.75%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $7,748,764 is unrestricted.

	Governmental Activities 2017	Governmental Activities 2018	Business Type Activities 2017	Business Type Activities 2018	Total Primary Government 2017	Total Primary Government 2018
Assets						
Current and other assets	$ 2,716,777	$ 3,090,476	$ 8,760,770	$ 9,388,905	$ 11,477,547	$ 12,479,381
Capital assets	5,084,039	4,900,243	14,551,295	14,950,835	19,635,334	19,851,078
Total assets	7,800,816	7,990,719	23,312,065	24,339,740	31,112,881	32,330,459
Deferred outflows of resources	530,926	419,453	415,796	262,655	946,722	682,108
Liabilities						
Accounts payable and accrued liabilities	403,258	706,382	1,576,509	1,729,255	1,979,767	2,435,637
Total long-term liabilities	1,834,453	1,923,461	6,252,449	6,463,641	8,086,902	8,387,102
Total liabilities	2,237,711	2,629,843	7,828,958	8,192,896	10,066,669	10,822,739
Deferred inflows of resources	63,702	68,826	32,424	41,735	96,126	110,561
Net position						
Net investment in capital assets	4,451,727	4,274,149	8,486,229	9,081,478	12,937,956	13,355,627
Restricted	1,220,179	1,195,773	-	293,700	1,220,179	1,489,473
Unrestricted	358,423	241,581	7,380,250	6,992,586	7,738,673	7,234,167
Total net position	$ 6,030,329	$ 5,711,503	$ 15,866,479	$ 16,367,764	$ 21,896,808	$ 22,079,267

Several key aspects of the Town's financial operations are as follows:

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of approximately 97.94 percent.
- Continued growth in tax base
- Continued upgrade and repair to the Town's sewer and stormwater collection systems

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Ayden Housing Authority
Governmental activities:								
General government	$ 923,565	$ 62,909	518,227	$ -	$ (342,429)	$ -	$ (342,429)	
Public safety	1,829,536	239,233	-	-	(1,590,303)	-	(1,590,303)	
Transportation	771,898	114,098	-	149,453	(508,347)	-	(508,347)	
Environmental protection	305,365	311,349	-	-	5,984	-	5,984	
Economic and phys. development	1,220,725	5,014	-	538,607	(677,104)	-	(677,104)	
Cultural and recreational	595,154	91,405	-	-	(503,749)	-	(503,749)	
Interest on long-term debt	15,189	-	-	-	(15,189)	-	(15,189)	
Total governmental activities	5,661,432	824,008	518,227	688,060	(3,631,137)	-	(3,631,137)	
Business-type activities:								
Electric	10,661,688	11,814,889	-	-	-	1,153,201	1,153,201	
Water & Sewer	3,021,229	2,930,153	-	-	-	(91,076)	(91,076)	
Total business-type activities	13,682,917	14,745,042	-	-	-	1,062,125	1,062,125	
Total primary government	$ 19,344,349	$ 15,569,050	$ 518,227	$ 688,060	(3,631,137)	1,062,125	(2,569,012)	
Component unit:								
Ayden Housing Authority	$ 1,410,776	$ 584,311	$ 908,165	$ -				$ 81,700
Total component unit:	$ 1,410,776	$ 584,311	$ 908,165	$ -				81,700
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,226,773	-	1,226,773	-
Local option sales tax					1,086,698	-	1,086,698	-
Other taxes					514,568	-	514,568	-
Unrestricted investment earnings					24,199	89,507	113,706	2,195
Miscellaneous					168,849	-	168,849	133,340
Transfers					529,015	(529,015)	-	-
Total general revenues and transfers					3,550,102	(439,508)	3,110,594	135,535
Change in net position					(81,035)	622,617	541,582	217,235
Net position - beginning					6,030,329	15,866,479	21,896,808	5,312,464
Restatement - cash					(17,855)	17,855	-	
Restatement - accounts receivable					(18,919)		(18,919)	
Restatement - accounts payable					(26,266)	(21,993)	(48,259)	
Restatement - OPEB					(193,156)	(98,789)	(291,945)	
Restatement -capital assets					18,405	(18,405)	-	(56,163)
Net position - beginning					5,792,538	15,745,147	21,537,685	5,256,301
Net position - ending					$ 5,711,503	$ 16,367,764	$ 22,079,267	$ 5,473,536

Governmental Activities – Governmental activities decreased the Town's net position by $318,827 (including restatements). Key elements of this decrease are as follows:

- Restatement of prior year expenditures and OPEB liability
- A decrease in sales, services and miscellaneous revenues
- An increase investment earnings and fire protection revenue
- An increase in expenditures

Business-type Activities – Business-type activities increased the Town's net position by $501,285 (including restatement). Key elements for this overall increase were:

- Restatement of prior year expenditures and OPEB liability
- Increase in Electric, water and sewer revenues.
- An overall decrease in expenditures.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town of Ayden. At the end of the current fiscal year, the Town of Ayden's fund balance available in the General Fund was $1,164,649 while the total fund balance reached $2,628,799. The governing body of the Town of Ayden has determined that the Town should maintain an available fund balance of 10% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an unassigned fund balance of 24.85% of General Fund expenditures, while the total fund balance represents 56.10% of the same amount.

At June 30, 2018, the governmental funds of the Town of Ayden reported a combined governmental fund balance of $2,624,116. The governmental funds for the Town include the General Fund, one permanent fund and a couple of special revenue funds.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total budgeted revenues by $195,911.

Proprietary Funds – The Town of Ayden's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to $6,446,253 and for the Water Sewer Fund, $1,060,930. The total change in unrestricted net position for the Electric Fund and the Water Sewer Fund was $437,924 and $(310,991), respectively. The change in unrestricted net position in each of these funds is a result of funding improvements through small capital outlay using current funds with the use of long term debt.

Capital Assets – The Town's investment in capital assets for its governmental and business–type activities as of June 30, 2018, totals $19,851,078 (net of accumulated depreciation). These assets include land, construction in process, buildings, machinery, vehicles, and equipment.

	Governmental Activities 2017	Governmental Activities 2018	Business Type Activities 2017	Business Type Activities 2018	Total Primary Government 2017	Total Primary Government 2018
Land	$ 709,582	$ 730,337	$ 68,661	$ 68,661	$ 778,243	$ 798,998
Buildings & Systems	3,019,526	2,837,455	11,734,657	11,698,929	14,754,183	14,536,384
Equipment	297,284	293,858	1,453,882	1,600,058	1,751,166	1,893,916
Vehicles	1,055,393	1,038,593	956,153	634,876	2,011,546	1,673,469
Construction in Process	2,254		337,942	948,311	340,196	948,311
Total Capital assets, net	$ 5,084,039	$ 4,900,243	$ 14,551,295	$ 14,950,835	$ 19,635,334	$ 19,851,078

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt – As of June 30, 2018, the Town had total debt outstanding of $6,495,451. This debt consists revenue bonds, which represent bonds secured by specified revenue sources and installment financing secured by either a building, system, equipment or vehicle.

	Governmental Activities 2017	Governmental Activities 2018	Business Type Activities 2017	Business Type Activities 2018	Total Primary Government 2017	Total Primary Government 2018
Revenue bonds	$ -	$ -	$ 2,686,000	2,644,000	$ 2,686,000	$ 2,644,000
Notes Payable	-	-	1,941,352	1,678,344	1,941,352	1,678,344
Installment purchase	632,312	626,094	1,437,714	1,547,013	2,070,026	2,173,107
Total Debt	$ 632,312	$ 626,094	$ 6,065,066	$ 5,869,357	$ 6,697,378	$ 6,495,451

Additional information on the Town's long-term debt can be found in Note III.B.6 of the Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

The following key economic indicators reflect the growth and prosperity of the Town:

- The unemployment rate for the Town of Ayden is presumably in line with that of Pitt Town. Pitt Town unemployment rate for June 2018 was 4.5 percent, which is down from a year ago. This compares slightly unfavorable to the State's average unemployment rate of 4.2 percent and the national average rate of 4.0 percent.
- Inflation and cost-of-living trends in the region compare similarly to national indices.
- Interest on investments is currently paying at rates between 1.00 percent and .98 percent
- Residential and commercial development is improving. The Town of Ayden is experiencing limited residential and commercial growth allowing for marginal increases in the tax base and additional utility revenues. The Town of Ayden continues to have new residential subdivisions and commercial prospects ready for construction.
- The new Highway 11 bypass to be completed in June 2019, is expected to increase commercial growth

All of these factors were considered in preparing the Town of Ayden's budget for the 2018-2019 fiscal year. At the end of the current fiscal year, unassigned fund balance in the General Fund was $1,164,649. The Town of Ayden has appropriated $224,950 of this amount for spending in the 2018-2019 fiscal year budget. It is intended that this use of available fund balance along with sales and use tax, franchise tax, other miscellaneous revenues, and certain charges to the Electric Fund will avoid the need to raise taxes or rates for services.

Electric Utility rates remained the same as the adoption of the budget for the 2018-2019 fiscal year. Operating expenses for this fund were established factoring the expected resources generated by revenues similar to the prior year rate structure. Water rate and sewer rates will remain the same. It is anticipated that consumer usage of electricity and water will remain flat for a consecutive year due to the economic conditions, projected weather conditions, and a better understanding by the public as to the impact that usage has on utility bill charges.

Starting with the 2018-2019 budget year, the Town will track its stormwater revenue and expenditures in a separate proprietary fund. Prior to the new fiscal year, stormwater operations were tracked in the general fund.

Employee benefits were not altered for the fiscal year. Overall departmental expenses were budgeted with marginal growth factoring several objectives established by the governing board during their annual goals planning session. The Town of Ayden's outlook for the 2018-2019 fiscal year can best be described as stable.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of the Town Manager, Town of Ayden, Post Office Box 219, Ayden, NC 28513.

FINANCIAL STATEMENTS

TOWN OF AYDEN, NORTH CAROLINA **Exhibit A**

Statement of Net Position

June 30, 2018

	Governmental Activities	Business Type Activities	Total Primary Government	Component Unit Ayden Housing Authority
Assets				
Cash and investments	$ 1,927,299	$ 7,457,753	$ 9,385,052	$ 1,768,534
Taxes receivable, net	91,498	-	91,498	-
Accounts receivable, net	116,896	1,631,375	1,748,271	39,329
Due from other governments	625,941	-	625,941	-
Inventories	38,744	75,107	113,851	10,351
Restricted cash	290,098	224,670	514,768	42,010
Total current assets	3,090,476	9,388,905	12,479,381	1,860,224
Noncurrent assets				
Capital assets:				
Land, non-depreciable improvements	730,337	1,016,972	1,747,309	170,220
Restricted investments			-	
Other capital assets, net of depreciation	4,169,906	13,933,863	18,103,769	3,775,372
Total capital assets	4,900,243	14,950,835	19,851,078	3,945,592
Total assets	7,990,719	24,339,740	32,330,459	5,805,816
Deferred outflows of resources				
Pension deferrals-LGERS/LEO/OPEB	419,453	262,655	682,108	47,201
	419,453	262,655	682,108	47,201
Current liabilities				
Accounts payable and accrued liabilities	409,135	979,613	1,388,748	214,990
Customer deposits	-	224,670	224,670	38,318
Current portion of long-term liabilities	297,247	524,972	822,219	5,363
Total current liabilties	706,382	1,729,255	2,435,637	258,671
Long-term liabilities:				
Due to other government	-	514,597	514,597	-
Net pension liability	499,008	351,170	850,178	62,789
Total pension liability	618,062		618,062	-
Total OPEB liability	283,579	197,063	480,642	25,865
Due in more than one year	522,812	5,400,811	5,923,623	16,090
Total long-term liabilities	1,923,461	6,463,641	8,387,102	104,744
Total liabilities	2,629,843	8,192,896	10,822,739	363,415
Deferred inflows of resources				
Pension deferrals-LGERS/LEO/OPEB	68,826	41,735	110,561	16,066
	68,826	41,735	110,561	16,066
Net position				
Net investment in capital assets	4,274,149	9,081,478	13,355,627	3,945,592
Restricted for:				
Debt Reserve		293,700	293,700	
Stabilization by State Statute	823,371	-	823,371	-
Streets	290,098	-	290,098	-
Cultural and recreational	43,711	-	43,711	3,692
Public safety	81,617	-	81,617	-
Economic and physical development	(43,024)	-	(43,024)	-
Unrestricted	241,581	6,992,586	7,234,167	1,524,252
Total net position	$ 5,711,503	$ 16,367,764	$ 22,079,267	$ 5,473,536

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit B**

Statement of Activities

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Ayden Housing Authority
Governmental activities:								
General government	$ 923,565	$ 62,908	518,227	$ -	$ (342,430)	$ -	$ (342,430)	
Public safety	1,829,536	239,233	-	-	(1,590,303)	-	(1,590,303)	
Transportation	771,898	114,098	-	149,453	(508,347)	-	(508,347)	
Environmental protection	305,365	311,349	-	-	5,984	-	5,984	
Economic and phys. development	1,220,725	5,014	-	538,607	(677,104)	-	(677,104)	
Cultural and recreational	595,154	91,405	-	-	(503,749)	-	(503,749)	
Interest on long-term debt	15,189	-	-	-	(15,189)	-	(15,189)	
Total governmental activities	5,661,432	824,007	518,227	688,060	(3,631,138)	-	(3,631,138)	
Business-type activities:								
Electric	10,661,688	11,814,889	-	-	-	1,153,201	1,153,201	
Water & Sewer	3,021,229	2,930,153	-	-	-	(91,076)	(91,076)	
Total business-type activities	13,682,917	14,745,042	-	-	-	1,062,125	1,062,125	
Total primary government	$ 19,344,349	$ 15,569,049	$ 518,227	$ 688,060	(3,631,138)	1,062,125	(2,569,013)	
Component unit:								
Ayden Housing Authority	$ 1,410,776	$ 584,311	$ 908,165	$ -				$ 81,700
Total component unit:	$ 1,410,776	$ 584,311	$ 908,165	$ -				81,700
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,226,773	-	1,226,773	-
Local option sales tax					1,086,698	-	1,086,698	-
Other taxes					514,568	-	514,568	-
Unrestricted investment earnings					24,199	89,507	113,706	2,195
Miscellaneous					168,849	-	168,849	133,340
Transfers					529,015	(529,015)	-	-
Total general revenues and transfers					3,550,102	(439,508)	3,110,594	135,535
Change in net position					(81,036)	622,617	541,581	217,235
Net position - beginning					6,030,329	15,866,479	21,896,808	5,312,464
Restatement - cash					(17,855)	17,855	-	
Restatement - accounts receivable					(18,919)		(18,919)	
Restatement - accounts payable					(26,266)	(21,993)	(48,259)	
Restatement - OPEB					(193,156)	(98,789)	(291,945)	
Restatement -capital assets					18,405	(18,405)	-	(56,163)
Net position - beginning					5,792,538	15,745,147	21,537,685	5,256,301
Net position - ending					$ 5,711,502	$ 16,367,764	$ 22,079,266	$ 5,473,536

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit C**

Balance Sheet
Governmental Funds
June 30, 2018

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 1,875,640	$ 51,659	$ 1,927,299
Restricted cash and cash equivalents	290,098	-	290,098
Taxes receivable, net	91,498	-	91,498
Accounts receivable	82,405	34,491	116,896
Inventories	38,744	-	38,744
Due from other governments	625,941	-	625,941
Total assets	$ 3,004,326	$ 86,150	$ 3,090,476
Liabilities:			
Accounts payable and accrued liabilities	$ 318,302	$ 90,833	$ 409,135
Total liabilities	318,302	90,833	409,135
Deferred inflows of resources	57,225	-	57,225
Fund balances:			
Nonspendable - Inventory	38,744		38,744
Restricted:			
Stabilization by State Statute	823,371	-	823,371
Streets	290,098	-	290,098
Cultural and recreational	6,419	37,292	43,711
Public safety	80,568	1,049	81,617
Economic and physical development	-	(43,024)	(43,024)
Assigned:			
For subsequent years expenditures:	224,950	-	224,950
Unassigned	1,164,649	-	1,164,649
Total fund balances	2,628,799	(4,683)	2,624,116
	$ 3,004,326	$ 86,150	$ 3,090,476

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit D**

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:		
Ending fund balance - governmental funds		$ 2,624,116
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		4,900,242
Deferred outflows of resources related to pensions are not reported in the funds		419,453
Earned revenues considered deferred inflows of resources in fund statements		57,225
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term liabilities	(820,059)	
Net pension liability	(499,008)	
Total pension liability	(618,062)	
Total OPEB liability	(283,579)	
		(2,220,708)
Deferred inflows of resources related to pensions are not reported in the funds		(68,826)
Net position of governmental activities		$ 5,711,502

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit E**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General	Total Non-Major Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	$ 1,274,723	$ -	$ 1,274,723
Other taxes	1,086,698	-	1,086,698
Unrestricted intergovernmental revenue	514,568	-	514,568
Restricted intergovernmental revenue	412,470	793,817	1,206,287
Licenses and permits	9,323	-	9,323
Sales and services	814,684	-	814,684
Interest earned on investments	24,055	144	24,199
Miscellaneous	151,052	-	151,052
Total revenues	4,287,573	793,961	5,081,534
Expenditures			
Current:			
General government	816,711	-	816,711
Public safety	1,703,708	1,804	1,705,512
Transportation	724,329	-	724,329
Environmental protection	217,027	-	217,027
Economic and physical development	174,903	836,841	1,011,744
Cultural and recreational	588,043	400	588,443
Debt service:			
Principal payments	153,434	-	153,434
Interest and fees	15,189	-	15,189
Capital outlay	292,920	-	292,920
Total expenditures	4,686,264	839,045	5,525,309
Excess (deficiency) of revenues over (under) expenditures	(398,691)	(45,084)	(443,775)
Other financing sources (uses)			
Transfers from other funds	616,323	-	616,323
Transfers to other funds	(87,308)	-	(87,308)
Issuance of debt	17,797	-	17,797
Proceeds from loan	147,216	-	147,216
Total other financing sources (uses)	694,028	-	694,028
Net change in fund balances	295,337	(45,084)	250,253
Fund balance - beginning	2,396,502	40,401	2,436,903
Restatement - cash	(17,855)	-	(17,855)
Restatement - accounts receivable	(18,919)	-	(18,919)
Restatement - accounts payable	(26,266)	-	(26,266)
Fund balance - ending	$ 2,628,799	$ (4,683)	$ 2,624,116

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit F**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 250,253
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	$ 276,769	
Depreciation	(430,572)	
Disposals	(48,399)	
		(202,202)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		236,111
Benefit payments and administrative expense for LEOSSA are not included in the Statement of Activities		8,995
OPEB benefit payments and administrative expense are not included in the Statement of Activities		10,089
The issuance of long-term debt provides current financial resources to governemental funds, while the repayment of the principal of longer-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(147,216)	
Principal payments	153,434	
		6,218
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.		(47,950)
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(14,140)	
Pension expense	(317,162)	
OPEB plan expense	(11,248)	
		(342,550)
Change in net position of governmental activities		$ (81,036)

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit G**

Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds – Budget and Actual
Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	$ 1,265,500	$ 1,265,500	$ 1,274,723	$ 9,223
Other taxes	1,066,250	1,066,250	1,086,698	20,448
Unrestricted intergovernmental revenue	600,606	453,500	514,568	61,068
Restricted intergovernmental revenue	203,000	381,941	412,470	30,529
Licenses and permits	9,500	9,500	9,323	(177)
Sales and services	698,593	698,593	814,684	116,091
Interest earned on investments	4,500	6,300	24,055	17,755
Miscellaneous	90,000	252,276	151,052	(101,224)
Total revenues	3,937,949	4,133,860	4,287,573	153,713
Expenditures:				
Current:				
General government	744,191	870,938	816,711	54,227
Public safety	1,776,182	1,785,652	1,703,708	81,944
Transportation	933,988	863,987	724,329	139,658
Environmental protection	222,615	222,615	217,027	5,588
Economic and physical development	169,990	197,341	174,903	22,438
Cultural and recreational	602,017	595,917	588,043	7,874
Debt service:				-
Principal payments	152,192	154,592	153,434	1,158
Interest and fees	16,443	14,043	15,189	(1,146)
Capital outlay	-	224,316	292,920	(68,604)
Total expenditures	4,617,618	4,929,401	4,686,264	243,137
Other financing sources (uses):				
Transfers from other funds	576,847	616,323	616,323	-
Transfers to other funds		(96,643)	(87,308)	9,335
Insurance proceeds	-	-	17,797	17,797
Issuance of debt	-	148,216	147,216	(1,000)
Fund balance appropriated	102,822	127,645	-	(127,645)
Total other financing sources (uses)	679,669	795,541	694,028	(101,513)
Net change in fund balance	$ -	$ -	295,337	$ 295,337
Fund Balances:				
Beginning of year, July 1			2,396,502	
Restatement cash			(17,855)	
Restatement accounts receivable			(18,919)	
Restatement accounts payable			(26,266)	
End of year, June 30			$ 2,628,799	

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit H**

Statement of Net Position
Proprietary Funds
June 30, 2018

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
Assets			
Current assets			
Cash and investments	$ 6,285,078	$ 1,172,675	$ 7,457,753
Accounts receivable (net)	1,292,182	339,193	1,631,375
Inventories	60,251	14,856	75,107
Restricted cash and cash equivalents	224,670	-	224,670
Total current assets	7,862,181	1,526,724	9,388,905
Noncurrent assets			
Land and construction in progress	559,846	457,126	1,016,972
Capital assets, net of accumulated depreciation	3,524,733	10,409,130	13,933,863
Total noncurrent assets	4,084,579	10,866,256	14,950,835
Total assets	11,946,760	12,392,980	24,339,740
Deferred outflows of resources			
Pension deferrals - LGERS/OPEB	172,147	90,508	262,655
	172,147	90,508	262,655
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	933,013	46,600	979,613
Customer deposits	224,670	-	224,670
Compensated absences, current	24,321	7,048	31,369
Current portion of long-term debt	270,088	223,515	493,603
Total current liabilities	1,452,092	277,163	1,729,255
Noncurrent liabilities			
Compensated absences, noncurrent	18,784	6,273	25,057
Due to other government	-	514,597	514,597
Other postemployment benefits	129,773	67,290	197,063
Net pension liability	230,161	121,009	351,170
Non-current portion of long-term debt	1,408,256	3,967,498	5,375,754
Total noncurrent liabilities	1,786,974	4,676,667	6,463,641
Total liabilities	3,239,066	4,953,830	8,192,896
Deferred inflows of resources - pension			
Pension deferrals - LGERS/OPEB	27,353	14,382	41,735
	27,353	14,382	41,735
Net position			
Net investment in capital assets	2,406,235	6,675,243	9,081,478
Restricted - Debt Reserve	-	293,700	293,700
Unrestricted	6,446,253	546,333	6,992,586
Total net position	$ 8,852,488	$ 7,515,276	$ 16,367,764

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit I**

Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
Operating revenues			
Charges for services	$ 11,727,060	$ 2,930,153	$ 14,657,213
Other operating revenue	87,829	-	87,829
Total operating revenues	11,814,889	2,930,153	14,745,042
Operating expenses			
Electric operations	2,226,568	-	2,226,568
Electrical power purchases	7,910,945	-	7,910,945
Water operations	-	2,423,520	2,423,520
Depreciation	477,750	418,819	896,569
Total operating expenses	10,615,263	2,842,339	13,457,602
Operating income (loss)	1,199,626	87,814	1,287,440
Nonoperating revenue (expense)			
Investment earnings	73,202	16,305	89,507
Interest and other charges	(46,425)	(178,890)	(225,315)
Total nonoperating revenue (expense)	26,777	(162,585)	(135,808)
Income (loss) before transfers and contributions	1,226,403	(74,771)	1,151,632
Transfers in(out)	(616,323)	87,308	(529,015)
Change in net position	610,080	12,537	622,617
Total net position - beginning	8,132,156	7,734,323	15,866,479
Restatement - cash	17,855	-	17,855
Restatement - accounts payable	(21,993)	-	(21,993)
Restatement - OPEB	(68,993)	(29,796)	(98,789)
Restatement - capital assets	183,383	(201,788)	(18,405)
Total net position - beginning, as restated	8,242,408	7,502,739	15,745,147
Total net position - ending	$ 8,852,488	$ 7,515,276	$ 16,367,764

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit J**

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
Operating activities			
Cash received from customers	$ 11,853,731	$ 2,918,927	$ 14,772,658
Other operating revenue	87,829	-	87,829
Cash paid to employees	(1,080,443)	(372,547)	(1,452,990)
Cash paid for goods and services	(8,913,165)	(2,006,567)	(10,919,732)
Net cash provided by (used in) operating activities	1,947,952	539,813	2,487,765
Noncapital financing activities			
Transfers in (out)	(616,323)	87,308	(529,015)
Net cash used by noncapital financing activities	(616,323)	87,308	(529,015)
Capital and related financing activities			
Acquisition and construction of capital assets	(497,150)	(798,959)	(1,296,109)
Proceeds from issuance of long-term debt	-	754,597	754,597
Principal paid on long-term debt	(263,008)	(172,701)	(435,709)
Net cash provided (used) by capital and related financing activities	(760,158)	(217,063)	(977,221)
Investing activities			
Investment earnings	73,202	16,306	89,508
Interest paid	(46,425)	(178,890)	(225,315)
Net effect of prior period adjustments	110,252	(231,584)	(121,332)
Net cash provided (used) in investing activities	137,029	(394,168)	(257,139)
Net increase (decrease) in cash and cash equivalents	708,500	15,890	724,390
Cash and cash equivalents			
Beginning of year	5,801,248	1,156,785	6,958,033
End of year	$ 6,509,748	$ 1,172,675	$ 7,682,423

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF AYDEN, NORTH CAROLINA **Exhibit J**

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ 1,199,626	$ 87,814	$ 1,287,440
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	477,750	418,819	896,569
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	104,551	(6,960)	97,591
(Increase) decrease in inventories	(29)	(1,307)	(1,336)
(Increase) decrease in deferred outflows	129,996	23,145	153,141
Increase (decrease) in accounts payable and accrued liabil	71,925	(2,960)	68,965
Increase (decrease) customer deposits	22,120	-	22,120
Increase (decrease) in compensated absences payable	9,374	3,376	12,750
Increase (decrease) in OPEB	60,852	24,577	85,429
Increase in net pension liability	(133,121)	(11,094)	(144,215)
Increase (decrease) in deferred inflows	4,908	4,403	9,311
Total adjustments	748,326	451,999	1,200,325
Net cash provided by (used in) operating activities	$ 1,947,952	$ 539,813	$ 2,487,765

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Ayden ("the Town") conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity
The Town of Ayden is a municipal corporation that is governed by an elected mayor and a Town Council which consists of a five-member Board of Commissioners. As required by U.S. generally accepted accounting principles ("GAAP"), these financial statements include all funds that are controlled by, or financially dependent, on the Town. As required by GAAP, these financial statements present all the fund types of the Town and its component units, legally separate entities for which the Town is financially accountable. The Ayden Housing Authority ("Authority"), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the Town (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Ayden Housing Authority	Discrete	The members of the Authority's governing board are the same as the Town's Board of Commissioners.	Ayden Housing Authority Post Office Box 482 Ayden, NC 28513

B. Basis of Presentation
Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

I. Summary of Significant Accounting Policies (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from

non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, sanitation, parks and recreation and general government services.

The Town reports the following non-major governmental funds:

Library Fund. This fund is used to account for the accumulation of resources to be used for long-term improvements to the library.

Police Unauthorized Substance Tax Fund. This fund is used to account for the use of restricted funds for drug enforcement activities.

Federal and State Assistance Fund. This fund is used to account for the use of various federal and state funds received.

CDBG Catalyst Fund. This fund is used to account for the use of restricted funds for the revitalization of several homes and make significant improvements to a Town facility that serves the designated Block area.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electric operations.

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are

I. Summary of Significant Accounting Policies (Continued)

incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable for the fiscal year in which they are received. Uncollected taxes that were billed during this period prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ayden because the tax is levied by Pitt County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

I. Summary of Significant Accounting Policies (Continued)

The effects of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments-in-lieu-of-taxes and other charges between the Town's water and sewer funds and various other functions of the Town. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Library Permanent Fund, Police Unauthorized Substance Tax Special Revenue Fund, CDBG Catalyst Special Revenue Fund, Electric Fund, and Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for enterprise capital project funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, and enterprise funds and total expenditures for capital project funds. Any revisions that alter the total expenditures for capital project funds and expenditures at the departmental level for all other funds must be approved by the governing board. The Town Manager is authorized to transfer appropriations within a department. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

I. Summary of Significant Accounting Policies (Continued)

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Governmental Activities:		
General Fund:		
Powell Bill funds	$	290,098
Business-type activities:		
Electric fund		
Customer deposits		224,670
Total Restricted Cash	$	514,768

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories

The inventories of the Town consist of materials and supplies held for subsequent use in the General Fund, Electric Fund and the Water and Sewer Fund. The Town accounts for inventories using the consumption method, under which inventory items are considered expenditures when used rather than purchased. The Town's inventories are valued at the lower of cost or market.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and estimated life in excess of two years. The minimum capitalization threshold is $5,000 for all capital assets. Purchased and constructed capital assets are reported at cost or estimated historical costs. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value

I. Summary of Significant Accounting Policies (Continued)

at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Estimated Useful Lives
Buildings and improvements	10 - 50 years
Furniture and office equipment	10 years
Automobiles and trucks	5 – 10 years
Maintenance and construction Equipment	5 – 10 years
Electric system	40 years
Water and sewer system	40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, OPEB and pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that met this criterion for this category – property taxes receivable and deferrals of pension and OPEB expense.

9. Long-Term Obligations

In the government-wide financial statement, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

I. Summary of Significant Accounting Policies (Continued)

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position
Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State Statute.

Fund Balances
In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

> Inventories – portion of fund balance that is not available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

> Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

I. Summary of Significant Accounting Policies (Continued)

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bills funds.

Restricted for Cultural and Recreational – portion of fund balance that represents permanent funds for the public library and restricted funds for recreation center improvements.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety via the unauthorized substance tax.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic development of the Catalyst program.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Ayden's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – portion of fund balance that the Town of Ayden intends to use for specific purposes.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Ayden has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Ayden has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater that 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are

I. Summary of Significant Accounting Policies (Continued)

due. The Town of Ayden's employer contributions are recognized when due and the Town of Ayden has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2018, the expenditures made by the Town exceeded the authorized appropriations made by the governing board for capital outlay in the General Fund by $68,604 and $126,837 for capital outlay in the Water and Sewer Fund. The over-expenditure in the General Fund occurred because the Town Board agreed to reduce a receivable owed by the rural fire district in exchange for a one-half interest in the new rural fire annex fire station. While both boards agreed to the exchange, a budget amendment was not entered to record the financial impact of this transaction. The over-expenditure in the Water and Sewer Fund resulted from expenditures related to the previous year which were not reauthorized in the 17/18 budget. Management and the Board will more closely review the budget reports to ensure compliance in the future.

B. Fund Balance Deficit

For the fiscal year ended June 30, 2018, the non-major special revenue funds for CDBG projects and Federal and State assistance funds ended the year with negative fund balances of $39,806 and $3,218 respectively. The negative fund balances were a result of timing issues related to when expenditures were incurred and a delay in when reimbursement requests were made and received.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's names Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town and in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. At June 30, 2018, the Town's deposits had a carrying amount of $880,620 and a bank balance of $920,988. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2018, the Town's petty cash fund totaled $750.

At June 30, 2018, the Authority's deposits had a carrying amount of $1,810,544. The Authority's bank balances were $1,876,071. Of the bank balance, $390,142 of it was covered by federal depository insurance. The remaining balance was secured by a dedicated method.

2. Investments
At June 30, 2018, the Town had $9,018,450 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 is net of the following allowances for doubtful accounts:

	Taxes	Accounts	Due from other Governments	Total
Governmental Activities:				
General Fund	$ 146,519	$ 370,784	$ 625,941	$ 1,143,244
Nonmajor Funds	-	-	-	-
Allowance for doubtful accts	(55,021)	(253,888)	-	(308,909)
Total governmental activities	$ 91,498	$ 116,896	$ 625,941	$ 834,335
Business-Type Activities:				
Electric Fund	$ -	$ 2,343,385	$ -	$ 2,343,385
Water and Sewer Fund	-	689,398	-	689,398
Total receivables				
Allowance for doubtful accts	-	(1,401,408)	-	(1,401,408)
Total business-type activities	$ -	$ 1,631,375	$ -	$ 1,631,375

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Transfers	Decreases	Balance June 30, 2018
Governmental activities:					
Capital assets not being depreciated					
Land	$ 709,582	$ 20,755	$ -	$ -	$ 730,337
Construction in progress	2,254		-	(2,254)	-
Total capital assets not being depreciated	711,836	20,755	-	(2,254)	730,337
Capital assets being depreciated:					
Buildings and structures	1,421,402	69,485	1,084,969	-	2,575,856
Other improvements	3,498,652	54,163	(1,080,568)	-	2,472,247
Furniture, equipment, and machinery	1,048,652	3,555	123,511	-	1,175,718
Vehicles and motor equipment	3,392,707	147,216	(194,833)	(234,900)	3,110,190
Total capital assets being depreciated	9,361,413	274,419	(66,921)	(234,900)	9,334,011
Less Accumulated Depreciation:					
Buildings and structures	769,477	93,604	391,604	-	1,254,685
Other improvements	1,131,051	62,043	(237,130)	-	955,964
Furniture, equipment, and machinery	751,368	63,339	67,153	-	881,860
Vehicles and motor equipment	2,337,314	211,586	(306,957)	(170,346)	2,071,597
Total accumulated depreciation	4,989,210	430,572	(85,330)	(170,346)	5,164,105
Total capital assets being depreciated, net	4,372,203				4,169,906
Governmental activities capital assets, net	$ 5,084,039				$ 4,900,243

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	$ 65,592
Public safety	149,153
Transportation	128,282
Economic and physical development	4,119
Environmental protection	29,200
Cultural and recreation	54,226
	$ 430,572

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

Electric Fund	Balance July 1, 2017	Increases	Transfers	Decreases	Balance June 30, 2018
Business-type activities:					
Capital assets not being depreciated					
Land	$ 52,161	$ -	$ -	$ -	$ 52,161
Construction in progress	337,942	169,743	-	-	507,685
Total capital assets not being depreciated	390,103	169,743	-	-	559,846
Capital assets being depreciated:					
Plant and distribution systems	6,695,820	111,638	7,367	-	6,814,825
Furniture, equipment, and machinery	2,653,799	14,745	123,446	-	2,791,990
Vehicles	1,670,613	17,641	(200,619)	(133,647)	1,353,988
Total capital assets being depreciated	11,020,232	144,024	(69,806)	(133,647)	10,960,803
Less Accumulated Depreciation:					
Plant and distribution systems	4,682,834	253,105	(262,137)	-	4,673,802
Furniture, equipment, and machinery	1,837,042	87,293	(58,602)	-	1,865,733
Vehicles	825,280	137,352	67,550	(133,647)	896,535
Total accumulated depreciation	7,345,156	477,750	(253,189)	(133,647)	7,436,070
Total capital assets being depreciated, net	3,675,076				3,524,733
Electric Fund capital assets, net	$ 4,065,179				$ 4,084,579

Water Sewer Fund:	Balance July 1, 2017	Increases	Transfers	Decreases	Balance June 30, 2018
Business-type activities:					
Capital assets not being depreciated					
Land	$ 16,500	$ -	$ -	$ -	$ 16,500
Construction in progress	-	440,626	-	-	440,626
Total capital assets not being depreciated	16,500	440,626	-	-	457,126
Capital assets being depreciated:					
Plant and distribution systems	14,779,822	-	450,358	-	15,230,180
Furniture, equipment, and machinery	1,628,882	502,397	(390,803)	(122,171)	1,618,305
Vehicles	565,095	57,726	77,174	-	699,995
Total capital assets being depreciated	16,973,799	560,123	136,729	(122,171)	17,548,480
Less Accumulated Depreciation:					
Plant and distribution systems	5,058,151	312,008	302,115	-	5,672,274
Furniture, equipment, and machinery	991,757	40,671	34,247	(122,171)	944,504
Vehicles	454,275	66,142	2,155	-	522,572
Total accumulated depreciation	6,504,183	418,821	338,517	(122,171)	7,139,350
Total capital assets being depreciated, net	10,469,616				10,409,130
Water and Sewer Fund Capital assets, net	10,486,116				10,866,256
Business-type activities capital assets, net	$ 14,551,295				$ 14,950,835

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

Construction Commitments
The government has active construction projects as of June 30, 2018. The Town had no open construction commitments at year-end.

Component Unit:
The capital assets of the Authority at June 30, 2018 consisted of the following:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets not being depreciated				
Land	$ 170,220			$ 170,220
Total capital assets not being depreciated	170,220			170,220
Capital assets being depreciated:				
Building	8,613,512	203,900		8,817,412
Furniture and Equipment	365,281		5,724	359,557
Improvements	837,334			837,334
Total capital assets being depreciated	9,816,127	203,900	5,724	10,014,303
Less Accumulated Depreciation:				
Total accumulated depreciation	5,930,478	$ 314,177	$ 5,724	6,238,931
Total capital assets being depreciated, net	3,885,649			3,775,372
Component Unit Capital assets, net	4,055,869			3,945,592
Component Unit capital assets, net	$ 4,055,869			$ 3,945,592

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System
Plan Description. The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Ayden employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Ayden's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Ayden were $236,111 for the year ended June 30, 2018.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of $850,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.05565%, which was a decrease of 0.00378% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of $276,723. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,978	24,066
Changes in assumptions	121,417	
Net difference between projected and actual earnings on pension plan investments	206,424	
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,855	31,609
Town contributions subsequent to the mearsurement date	236,111	
	$ 618,785	$ 55,675

$236,111 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2019	$	33,886
2020		234,764
2021		120,796
2022		(62,447)
2023		-
Thereafter		-
	$	326,999

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.20%, net of pension plan investment expense, including inflation.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Town's proportionate share of the net pension liability (asset)	$ 2,552,253	$ 850,178	$ (570,518)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.
The Town of Ayden administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. **III.**

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but no Yet receiving benefits	0
Active plan members	18
Total	18

2. Summary of Significant Accounting Policies.
Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	3.16%
Projected Salary Increases	3.50-7.35%
Includes inflation at	2.50%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustment for mortality improvements based on Scale AA.

Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Contributions.
The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $8,995 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a total pension liability of $618,062. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of $47,258.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred of Outflows of Resources		
Differences between expected and actual experience	$ 5,497	$ -
Changes of assumptions	31,731	9,522
Benefit payments and administrative costs paid subsequent to the mearsurement date	8,995	
Total	$ 46,223	$ 9,522

$8,995 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2019	$ 4,994
2020	4,994
2021	4,994
2022	4,994
2023	5,227
Thereafter	2,503
	$ 27,706

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (3.16%)	**Discount Rate (2.16%)**	**1% Increase (4.16%)**
Total pension liability	$ 671,212	$ 618,062	$ 569,126

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance:

	2018
Total Pension Liability at July 1, 2017	$ 539,552
Service Cost	21,386
Interest on total pension liability	20,678
Difference between expected and actual experience	6,522
Changes in assumptions or other inputs	37,651
Benefit payments	(7,727)
Net Changes	78,510
Total Pension Liability at June 30, 2018	$ 618,062

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	$ 276,723	$ 47,258	$ 323,981
Pension Liability	850,178	618,062	1,468,240
Proportionate share of the net pension liability	0.05565%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	48,978	5,497	54,475
Changes of assumptions	121,417	31,731	153,148
Net difference between projected and actual earnings on plan	206,424	-	206,424
Changes in proportion and differences between contributions and proportionate share of contributions	5,855	-	5,855
Benefit payments and administrative costs paid subsequent to the measurement date	236,111	8,995	245,106
Deferred of Inflows of Resources			
Differences between expected and actual experience	24,066	-	24,066
Changes of assumptions	-	9,522	9,522
Changes in proportion and differences between contributions and proportionate share of contributions	31,609	-	31,609

c. Supplemental Retirement Income Plan for Law Enforcement Officers
Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The Town made contributions of $47,464 from the Town for the reporting year. No amounts were forfeited.

d. Other Postemployment Benefits

Healthcare Benefits
Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Plan Description. The Town has elected to provide healthcare and dental care benefits, through a single-employer defined benefit plan, to retirees of the Town who are at least age 55 and have at least 30 years of service, are at least 60 with at least 25 years of service, or are at least 62 with at least 20 year of service with the North Carolina Local Governmental Employees' Retirement System. Such insurance is provided until the retiree reaches age 65 and is eligible for Medicare. The Town pays 100% of the retiree premium costs. Retirees can purchase coverage for their dependents at the Town's group rates. Currently, five retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2018, the Town made payments for post-retirement health benefit premiums of $28,094. The Town purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the plan.

At June 30, 2017, the Healthcare Benefits Plan membership consisted of:

Membership	
Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Members Entitled to But Not Yet Receiving Benefits	0
Active Employees	67
Total Membership	73

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Total OPEB Liability

The Town's total OPEB liability of $480,682 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Real wage growth	1.00 %
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50%-7.75%
Law Enforcement Officers	3.50%-7.35%
Discount rate	3.56%
Healthcare cost trend rates	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Total OPEB Liability at July 1, 2017	$	509,432
Changes for the year:		
Service Cost at the end of the year		24,175
Interest on TOL and Cash Flows		15,078
Change in benefit terms		-
Difference between expected and actual experience		(25,951)
Changes of assumptions or other inputs		(24,992)
Benefit payments		(17,100)
Net change in Total OPEB Liability		(28,790)
Total OPEB Liability at June 30, 2018	$	480,642

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Morality Table.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Sensitivity of the Town's total OPEB liability to changes in the discount rates. The following presents the Town's total OPEB liability calculated using the discount rate of 3.56 percent, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Discount (3.56%)	1% Increase (4.56%)
Total OPEB liability	$ 527,364	$ 480,642	$ 439,332

Sensitivity of the Town's total OPEB liability to changes in the healthcare cost trend rates. The following presents the Town's total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 431,003	$ 480,642	$ 540,420

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of $83,840. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 23,109
Changes of assumptions	-	22,255
Benefit payments and administrative costs made subsequent to the measurement date	17,100	-
Total	$ 17,100	$ 45,364

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2019	$	5,579
2020		5,579
2021		5,579
2022		5,579
2023		5,579
Thereafter		17,469
Total	$	45,364

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death

Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial. In addition to the Death Benefit Plan, the Town has elected to provide additional death benefit coverage for all eligible employees through the North Carolina League of Municipality. The additional benefit equals twice an employee's annual salary.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Source	Amount
Contributions to pension plan in current fiscal year	$ 236,111
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	8,995
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	17,100
Differences between expected and actual experience	54,475
Changes in assumptions	153,148
Net difference between projected and actual	206,424
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,855
Total	$ 682,108

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net	$ -	$ 57,225
Changes in assumptions	31,777	
Differences between expected and actual experience	47,175	
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,609	
Total	$ 110,561	$ 57,225

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-

funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of $2 million per occurrence, auto liability coverage of $2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. There have been no significant reductions in insurance coverage in the settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does have limited flood insurance; with a per occurrence limit and maximum annual aggregate of $5 million for property located in Flood Zones B, C or X. The Town has no coverage for property not located in these zones.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is bonded for $200,000. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

5. Claims, Judgments and Contingent Liabilities

The Town is contingently liable in respect to other claims in the normal course of its operations. Should the Town become liable in these matters, such liability would be satisfied by budgetary appropriation in excess of insurance coverage in a subsequent year.

6. Long-Term Obligations

a. Governmental Activities Long-Term Debt

As authorized by State law (G.S. 160A-20 and 153A-158.1), the Town financed various property and equipment acquisitions to meet the capital needs of the Town. The installment purchases were issued pursuant to a deed of trust for real estate and a lien on title for other property.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

The Town's installment purchase obligation payable at June 30, 2018 are comprised of the following:

Note payable for a purchase of a fire equipment truck in April 2013, annual installments of $72,235, interest at 1.61%, maturing in 2019; secured by a fire equipment truck.	$	71,091
Note payable for a purchase of a fire equipment truck in July 2015, annual installments of $68,120, interest at 2.29%, maturing in 2021; secured by a fire equipment truck.		318,397
Note payable for a purchase of knuckleboom truck in October 2016, monthly installments of $2,353, interest at 3.05%, maturing in 2021; secured by a knuckleboom truck.		89,390
Note payable for a purchase of garbage truck in December 2017, annual installments of $50,000, interest at 1.94%, maturing in 2020; secured by a garbage truck.		147,216
Total governmental activities notes payable	$	626,094

The future minimum payments of the governmental activities long-term debt notes payable as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 207,790	$ 13,689	$ 221,479
2020	138,893	9,321	148,214
2021	138,359	6,131	144,490
2022	74,457	3,075	77,532
2023	66,595	1,525	68,120
Total	$ 626,094	$ 33,741	$ 659,835

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

b. Electric fund

Notes payable:

$403,784, loan issued in 2016, interest at 3.75%, payable in annual installments of $86,810; final payment due in 2020; secured by electric equipment trucks	$	164,319
$199,300, loan issued in 2017, interest at 2.57%, payable in monthly installments of $3,599, final payment due in 2022; secured by electric equipment truck		164,025
$1,500,000, loan issued in 2016, interest at 2.44%, payable in annual installments of $150,000 plus interest; final payment due in 2026; secured by electric substation assets		1,350,000
Total Electric Fund notes payable	$	1,678,344

The future minimum payments of the electric fund long-term debt as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 270,088	$ 42,855	$ 312,943
2020	274,138	35,145	309,283
2021	191,519	27,295	218,814
2022	192,599	22,555	215,154
2023	150,000	18,300	168,300
2024-2026	600,000	36,600	636,600
	$ 1,678,344	$ 182,750	$ 1,861,094

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

c. Water and sewer fund – Notes payable

$2,614,025, State revolving loan issued 2008, interest at 2.265%, payable in annual installments of $130,701; final payment due in 2028; secured by system assets.	$	1,307,013
Note payable for extension of sewer lines in June 2018, Monthly installments of $4,068, interest at 2.740%, maturing in 2023; secured by a sewer line extension		240,000
Total Water & Sewer Fund notes payable	$	1,547,013

In June 2016, the town formally accepted a $980,000 State Revolving loan to finance sewer improvements. In April 2018, the loan was increased to $1.55 million as additional repairs were recommended. The loan will be paid back over a twenty year period without interest. This loan is included in the above table of Water and sewer fund – Notes payable but was not included in the schedule below because the project had not been completed, final amounts owed had not been determined, and the payment schedule was not final. As of June 30, 2018, the balance on the loan is $514,597 and is shown as Due to Other Governments on the water and sewer Statement of Net Position.

The future minimum payments of the water and sewer fund notes payable as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 179,515	$ 35,568	$ 215,083
2020	179,515	31,282	210,797
2021	179,515	26,972	206,487
2022	179,515	22,674	202,189
2023	175,447	18,376	193,823
2024-2028	522,805	41,446	564,251
2029-2032	130,701	2,960	133,662
Total	$ 1,547,013	$ 179,279	$ 1,726,291

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Revenue bonds payable:

$2,937,000, USDA loan issued in 2008, interest at 4.375%, payable in annual installments of $159,915; final payment due in 2048; secured by system assets	$ 2,644,000

The future minimum payments of the water sewer fund revenue bonds as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 44,000	$ 115,675	$ 159,675
2020	46,000	113,750	159,750
2021	48,000	111,738	159,738
2022	50,000	109,638	159,638
2023	52,000	107,450	159,450
2024-2028	299,000	500,806	799,806
2029-2033	371,000	429,406	800,406
2034-2038	460,000	340,813	800,813
2039-2043	568,000	231,131	799,131
2044-2048	706,000	95,331	801,331
Total	$ 2,644,000	$ 2,155,738	$ 4,799,738

The Town is required to be in compliance with the covenants associated with Sewer Revenue Bonds as to rates, fees, rentals and charges in Section 5 of the Bond Order, authorizing the issuance of the Series 2010 water and sewer revenue bonds since its adoption in 2009. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 110 percent. Section 5.02 of the Bond Order also requires the debt service coverage ratio to be no less than 100 percent of the Subordinated Debt Service Requirement. The debt service coverage ratio calculations for the year ended June 30, 2018 are as follows:

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Operating revenues	$	2,930,153
Operating expenses*		2,410,752
Operating income		519,401
Non-operating revenues (expenses)**		16,304
Income available for debt service	$	535,705
Debt service, principal, and interest paid (Revenue bond only)	$	159,513
Debt service coverage ratio		336%
Subordinated Debt Service: Debt service, principal, and interest paid (Subordinated indebtedness)	$	163,265
Debt service coverage ratio		328%

*Per rate covenants, this does not include the depreciation expense of $418,819.
**Per rate covenants, this does not include interest paid of $178,890.

The Town has pledged future water and sewer net revenues to repay the water and sewer system revenue bond issued in March 2006. Proceeds from the bond provided financing for the sewer extension project for the Town. The bonds are payable solely from water and sewer net revenues and are payable through 2050. Annual principal and interest payments on the bonds are expected to require less than 50% of net revenues. The total principal and interest remaining to be paid on the bonds is $4,799,738. Principal and interest paid for the current year was $159,513. The Town had water and sewer net revenues of $341,168.

The Town is in compliance in respect to bond covenant ratios.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

d. Changes in long-term liabilities

A summary of changes in long-term debt obligations follows:

	Restated Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Governmental activities:					
Notes payable	$ 632,312	$ 147,216	$ (153,434)	$ 626,094	$ 207,790
Compensated absences	179,825	14,140		193,965	89,457
Net pension liability (LGERS)	605,470		(106,462)	499,008	-
Net pension liability(LEOSSA)	539,552	78,510		618,062	-
Other post-employment benefits	105,853	177,726		283,579	-
Total	$ 2,063,012	$ 256,236	$ (259,896)	$ 2,220,708	$ 297,247

	Restated Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Business-Type Activities:					
Electric Fund:					
Notes payable	$ 1,941,352		$ (263,008)	$ 1,678,344	$ 270,088
Compensated absences	33,731	9,374		43,105	24,321
Net pension liability (LGERS)	363,282		(133,121)	230,161	-
Other post-employment benefits	68,921	60,852		129,773	-
Total	$ 2,407,286	$ 70,226	$ (396,129)	$ 2,081,383	$ 294,409
Water and Sewer Fund:					
Notes payable	$ 1,437,714	$ 240,000	$ (130,701)	$ 1,547,013	$ 179,515
Revenue Bonds	2,686,000		(42,000)	2,644,000	44,000
Compensated absences	9,945	3,376		13,321	7,048
Net pension liability (LGERS)	132,103		(11,094)	121,009	-
Other post-employment benefits	42,713	24,577		67,290	-
Total	$ 4,308,475	$ 267,953	$ (183,795)	$ 4,392,632	$ 230,563
Total business-type activities	$ 6,715,761	$ 338,179	$ (579,924)	$ 6,474,016	$ 524,972

The Town has a legal debt margin of $18,724,839 at June 30, 2018.

Component Unit:
A summary of changes in long-term obligations of the Authority are as follows:

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
OPEB Liability	$ 20,985	$ 4,880		$ 25,865	$ -
Net pension liability (LGERS)	106,329		(43,540)	62,789	-
Compensated absences	23,433		(1,980)	21,453	5,363
Total	$ 150,747	$ 4,880	$ (45,520)	$ 110,107	$ 5,363

7. Net Investment in Capital Assets
The total net investment in capital assets at June 30, 2018 is composed of the following:

	Governmental Activities	Business-Type Activities
Capital assets	$ 4,900,243	$ 14,950,835
Less: long-term debt	(626,094)	(5,869,357)
Net investment in capital assets	$ 4,274,149	$ 9,081,478

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2018, consist of the following:

From Electric Fund to the General Fund for tax payments	$616,323
From General Fund to the Water and Sewer Fund	$ 87,308

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

Total fund balance - General Fund	$	2,628,799
Less:		
Inventories		38,744
Stabilization by State Statute		823,371
Restricted for streets		290,098
Restricted for cutural and recreational		6,419
Restricted for public safety		80,568
Appropriated fund balance in 2019 budget		224,950
Remaining fund balance	$	1,164,649

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Town had encumbrances of $80,752 at June 30, 2018.

IV. Joint Venture

Contentnea Metropolitan Sewer District
The Town, in conjunction with the Town of Grifton and the Town of Winterville, participates in the Contentnea Metropolitan Sewer District (District). Each Town appoints two members to the seven - member Board with one at-large member. The District is a joint venture established to provide sewer treatment services to the local governments. The participating governments are bound by purchase of service contracts with the District, and the District has the responsibility to determine and levy sewer use charges on the municipalities to apportion all operation and maintenance costs associated with treatment operations. This District has a bonded indebtedness of $13,739,000, and the three towns are assessed with their pro-rata share of the operating expenses and debt service requirements. Ayden's assessed share of operation expenses for the year ended June 30, 2018, was $977,665 or 40.99% of total operation expenses of the District. Complete financial statements for the sewer district may be obtained from the District's administrative office at State Road 1910, P.O. Box 477, Grifton, North Carolina 28530.

V. Jointly Governed Organization

North Carolina Eastern Municipal Power Agency
The Town is a member of the North Carolina Eastern Municipal Power Agency (NCEMPA). The NCEMPA was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. The members who receive power from the NCEMPA have signed power sales agreements to purchase a specified share of the power generated by the NCEMPA. Except for the power sales purchase requirements, no local government has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2018 were $7,910,945.

V. Jointly Governed Organization (Continued)

Neuse Regional Water and Sewer Authority
The Town, with seven other entities, participates in the Neuse Regional Water and Sewer Authority (Authority), a development stage enterprise. The Authority was formed to enable its members to finance construction, own, operate, and maintain regional water treatment and transmission facilities. The Town appoints one of the fifteen-member governing board of the Authority. The Authority started operations in the fiscal year 2008. The eight members are committed to monthly purchases of treated water in an amount equivalent to 75% of their calendar year 2002 monthly water requirements by volume. Except for the water sales purchase requirements, no participant has any obligation, entitlement, or residual interest. The Town began purchasing treated water in September 2008.

VI. Major Utility Customer

In 2018, the Town had electrical revenue of $2,513,697 from one customer, which accounted for 21% of total electric revenue.

VII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs
The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VIII. Claims and Judgments

At June 30, 2018, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

IX. Change in accounting principles/restatement

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period. As a result, net positon of the Town decreased by $291,945.

X. Prior Period Adjustments

In the prior year, the Town was unable to provide proper supporting documentation for several balances. During the current fiscal year ended June 30, 2018, the Town obtained the proper supporting documentation and has the following prior period adjustments, which result in a restatement of net position the Governmental Activities by $(44,635) of which $(17,855) related to cash, $(18,919) related

X. Prior Period Adjustments (Continued)

to accounts receivable, $(26,266) related to accounts payable and $18,405 related to capital assets. A restatement of net position was also required for the business type activities of $(22,543) of which $17,855 related to cash, $(21,993) related to accounts payable and $(18,405) related to capital assets. The same prior period adjustments and restatement that was required for the net position of the governmental activities was also required to the general fund balance of ($63,040), except for the restatement related to capital assets of the governmental activities.

XI. Significant Effects of Subsequent Events

Subsequent events have been evaluated through December 31, 2018, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-1**
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

June 30, 2018

	2018	2017
Beginning Balance at July 1, 2017	$ 539,552	$ 511,217
Service Cost	21,386	23,509
Interest on total pension liability	20,678	18,250
Difference between expected and actual experien	6,522	-
Changes in assumptions or other inputs	37,651	(13,424)
Benefit payments	(7,727)	-
Net Changes	78,510	28,335
Ending Balance at June 30, 2018	$ 618,062	$ 539,552

Schedule of Total Pension Liability as a Percentage of Covered Payrol

	2018	2017
Total pension liability	$ 618,062	$ 539,552
Covered payroll	882,270	886,219
Total pension liability as a percentage of covered pa	70.05%	60.88%

Notes to the schedules:
The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 nor does the Plan provide pay related benefits.

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-2**

Schedule of Changes in the Total OPEB Liability and Related Ratios

June 30, 2018

Total OPEB Liability

Total OPEB Liability at July 1, 2017	$	509,432
Changes for the year:		
Service Cost at the end of the year		24,175
Interest on TOL and Cash Flows		15,078
Change in benefit terms		-
Difference between expected and actual experience		(25,951)
Changes of assumptions or other inputs		(24,992)
Benefit payments		(17,100)
Net change in Total OPEB Liability	$	(28,790)
Total OPEB Liability at June 30, 2018	$	480,642
Covered payroll	**$**	**2,726,607**
Total OPEB liability as a percentage of covered payroll		**17.63%**

Note to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The discount rate used for 2018 was 3.56%.

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-3**

Local Government Employees' Retirement System

Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)

Last Five Fiscal Years

	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) %	0.05565%	0.05187%	0.05390%	0.05740%	0.05440%
Town's proportionate share of the net pension liability (asset)	$ 850,178	$ 1,108,855	$ 241,720	$ (338,632)	$ 655,729
Town's covered payroll	$ 3,080,754	$ 2,933,280	$ 2,825,548	$ 2,621,704	$ 2,621,704
Town's proportionate share of the net pension liability (asset) as a	28%	38%	8.55%	-12.92%	25.01%
Plan fiduciary net position as a percentage of the total pension	94.18%	91.47%	98.09%	102.64%	94.35%

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-4**

Schedule of Town Contributions for
Local Government Retirement System

As of June 30, 2018

	2018	2017	2016	2015	2014
Contractually required contribution	$ 236,111	$ 229,825	$ 204,593	$ 204,834	$ 201,431
Contribution in relation to the contractually required contribution	236,111	229,825	204,593	204,834	201,431
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 3,049,272	$ 3,080,754	$ 2,993,280	$ 2,858,529	$ 2,825,548
Contributions as a percentage of covered-employee payroll	7.74%	7.46%	6.84%	7.17%	7.13%

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund

Year Ended June 30, 2018

	2018		
	Budget	**Actual**	**Variance Positive (Negative)**
Revenues			
Ad valorem taxes			
Taxes	$ 1,261,500	$ 1,264,768	$ 3,268
Penalties and interest	4,000	9,955	5,955
Total ad valorem taxes	1,265,500	1,274,723	9,223
Other taxes and licenses			
Local option sales tax	1,066,250	1,086,698	20,448
Total other taxes and licenses			
Unrestricted intergovernmental revenues			
Franchise taxes	345,000	383,406	38,406
Beer and wine tax	22,300	21,639	(661)
Cable TV franchise	34,700	54,179	19,479
Other taxes and licenses	51,500	55,344	3,844
Total unrestricted intergovernmental revenues	453,500	514,568	61,068
Restricted intergovernmental revenues			
Powell Bill	150,000	149,453	(547)
Grants	231,941	263,017	31,076
Total restricted intergovernmental revenues	381,941	412,470	30,529

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2018

	2018		
	Budget	Actual	Variance Positive (Negative)
Revenues (continued)			
Permits and fees			
Court facility fees	$ 5,000	$ 4,309	$ (691)
Building permits	4,500	5,014	514
Total licenses and permits	9,500	9,323	(177)
Sales and services			
Sanitation revenues	310,000	311,349	1,349
Cemetery	36,000	40,500	4,500
Rents	15,000	18,099	3,099
Recreation fees	64,000	91,405	27,405
Stormwater collection fees	110,000	114,098	4,098
Fire protection services	163,593	239,233	75,640
Total sales and services	698,593	814,684	116,091
Interest earned on investments	6,300	24,055	17,755
Miscellaneous	252,276	151,052	(101,224)
Total revenues	4,133,860	4,287,573	153,713

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2018

	2018		
	Budget	Actual	Variance Positive (Negative)
Expenditures			
Current			
General government			
Governing body			
Salaries and employee benefits	$	$ 37,551	$
Operating expenses		240,442	
Total	297,294	277,993	19,301
Administration			
Salaries and employee benefits		49,464	
Operating expenses		109,883	
Total	191,189	159,347	31,842
Finance			
Salaries and employee benefits		70,361	
Operating expenses		48,072	
Total	120,071	118,433	1,638
Public Buildings			
Salaries and employee benefits		45,773	
Operating expenses		150,155	
Total	197,544	195,928	1,616
Central services			
Salaries and employee benefits		14,919	
Operating expenses		50,091	
Total	64,840	65,010	(170)
Total general government	870,938	816,711	54,227
Public safety			
Police			
Salaries and employee benefits		1,311,371	
Operating expenses		166,711	
Total	1,531,120	1,478,082	53,038
Fire protection			
Salaries and employee benefits		27,057	
Operating expenses		49,511	
Total	90,939	76,568	14,371
Rural fire department			
Salaries and employee benefits		26,547	
Operating expenses	163,593	122,511	
Total	163,593	149,058	14,535
Total public safety	1,785,652	1,703,708	81,944

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2018

	2018		
	Budget	**Actual**	**Variance Positive (Negative)**
Expenditures (continued)			
Current (continued)			
Transportation			
Streets			
Salaries and employee benefits	$	$ 489,251	$
Powell Bill and other operating expenses		235,078	
Total transportation	863,987	724,329	139,658
Environmental protection			
Sanitation			
Salaries and employee benefits		124,299	
Other operating expenses		92,728	
Total environmental protection	222,615	217,027	5,588
Economic and physical development			
Planning			
Salaries and employee benefit		112,005	
Other expenses		62,898	
Total economic and physical development	197,341	174,903	22,438

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2018

	2018		
	Budget	**Actual**	**Variance Positive (Negative)**
Expenditures (continued)			
Current (continued)			
Cultural and recreational			
Library			
Salaries and employee benefits		$ 87,580	
Operating expenses		31,631	
Total	119,449	119,211	238
Recreation			
Salaries and employee benefits		221,776	
Operating expenses		247,056	
Total	476,468	468,832	7,636
Total cultural and recreational	595,917	588,043	7,874
Debt service			
Note principal		153,434	
Interest and fees		15,189	
Total debt service	168,635	168,623	12
Capital Outlay	224,316	292,920	(68,604)
Total expenditures	4,929,401	4,686,264	243,137
Revenues over (under) expenditures	(795,541)	(398,691)	(89,424)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-5**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (continued)

Year Ended June 30, 2018

	2018		
	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfers from other funds	$ 616,323	$ 616,323	$ -
Transfers to other funds	(96,643)	(87,308)	9,335
Issuance of debt	148,216	147,216	(1,000)
Insurance proceeds		17,797	17,797
Fund balance appropriated	127,645	-	(127,645)
Total other financing sources (uses)	795,541	694,028	(101,513)
Revenues and other financing sources (uses) and appropriated fund balance over expenditures	$ -	295,337	$ 295,337
Fund balance			
Beginning of year - July 1		2,396,502	
Restatement cash		(17,855)	
Restatement accounts receivable		(18,919)	
Restatement accounts payable		(26,266)	
End of year - June 30		$ 2,628,799	

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-6**

Combining Balance Sheet

Non-Major Special Revenue Funds

June 30, 2018

	Permanent Fund	Special Revenue Funds			
	Library Fund	Police Unauthorized Substance Tax Fund	Federal & State Assistance Fund	CDBG Catalyst Fund	Total Nonmajor Governmental Funds
Assets					
Restricted cash and investments	$ 37,292	$ 1,049	$ 13,318	$ -	$ 51,659
Accounts receivable	-	-	-	34,491	34,491
Total assets	$ 37,292	$ 1,049	$ 13,318	$ 34,491	$ 86,150
Liabilities:					
Accounts payable	$ -	$ -	$ 16,536	$ 74,297	$ 90,833
Total liabilities	-	-	16,536	74,297	90,833
Fund balances:					
Restricted:					
Restricted, other	37,292	1,049	(3,218)	(39,806)	(4,683)
Total fund balances	37,292	1,049	(3,218)	(39,806)	(4,683)
Total liabilities and fund balances	$ 37,292	$ 1,049	$ 13,318	$ 34,491	$ 86,150

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-7**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds

Year Ended June 30, 2018

	Permanent Fund	Special Revenue Funds			
	Library Fund	Police Unauthorized Substance Tax Fund	Federal & State Assistance	CDBG Catalyst Fund	Total Nonmajor Governmental Funds
Revenues					
Restricted intergovernmental	$ -	$ -	$ 255,210	$ 538,607	$ 793,817
Miscellaneous	-	-	-	-	0
Investment earnings	144	-	-	-	144
Total revenues	144	-	255,210	538,607	793,961
Expenditures					
Economic and phyiscal development	-	-	258,428	578,413	836,841
Public safety	-	1,804	-	-	1,804
Cultural and recreational	400	-	-	-	400
Total expenditures	400	1,804	258,428	578,413	839,045
Excess (deficiency) of revenues over (under) expenditures	(256)	(1,804)	(3,218)	(39,806)	(45,084)
Net change in fund balances	(256)	(1,804)	(3,218)	(39,806)	(45,084)
Fund balance - beginning	37,548	2,853	-	-	40,401
Fund balance - ending	$ 37,292	$ 1,049	$ (3,218)	$ (39,806)	$ (4,683)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-8**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Library Fund
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

	2018			
	Budget	Actual	Variance Positive (Negative)	2017
Revenues				
Investment earnings	$ 27	$ 144	$ 117	$ 161
Miscellaneous	-	-	-	1,012
Total revenues	27	144	117	1,173
Expenditures				
Cultural and recreational				
Supplies	400	400	-	946
Total expenditures	400	400	-	946
Other financing sources (uses):				
Fund balance appropriated	373	-	373	-
Revenues over expenditures	$ -	(256)	$ (256)	227
Fund balances				
Beginning of year - July 1		37,548		37,321
End of year - June 30		$ 37,292		$ 37,548

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-9**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Police Unauthorized Substance Tax
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

	2018			
	Budget	Actual	Variance Positive (Negative)	2017
Revenues				
Restricted intergovernmental revenue				
Unauthorized substance tax	$ -	$ -	$ -	$ 660
Total revenues	-	-	-	660
Expenditures				
Program expenses	2,500	1,804	696	-
Total expenditures	2,500	1,804	696	-
Revenues over (under) expenditures	(2,500)	(1,804)	696	660
Other financing sources (uses):				
Fund balance appropriated	2,500	-	(2,500)	-
Net change in fund balance	$ -	(1,804)	$ (1,804)	660
Fund balances				
Beginning of year - July 1		2,853		2,193
End of year - June 30		$ 1,049		$ 2,853

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-10**

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – CDBG Catalyst Fund

From Inception and for Year Ended June 30, 2018

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Postive (Negative)
Revenues					
Restricted intergovernmental					
CDBG Catalyst program	$ 1,031,725	$ 127,220	$ 538,607	$ 665,827	$ (365,898)
Total revenues	1,031,725	127,220	538,607	665,827	(365,898)
Expenditures					
Program expenses	1,031,725	127,220	578,413	705,633	326,092
Total expenditures	1,031,725	127,220	578,413	705,633	326,092
Revenues over (under) expenditures	-	-	(39,806)	(39,806)	(691,990)
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	-	-	-	-	-
Net change in fund balance	$ -	$ -	(39,806)	$ (39,806)	$ (39,806)
Fund balance					
Beginning of year - July 1			-		
End of year - June 30			$ (39,806)		

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-11**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Proprietary Fund – Electric

Year Ended June 30, 2018

	2018		
	Budget	**Actual**	**Variance Positive (Negative)**
Operating revenues			
Electric charges	$ 11,250,000	$ 11,504,527	
Service charges	277,800	222,533	
Other operating revenues	174,235	87,829	
Total operating revenues	11,702,035	11,814,889	$ 112,854
Nonoperating revenues			
Interest earnings	15,170	73,202	
Total revenues	$ 11,717,205	$ 11,888,091	170,886
Expenditures			
Electrical operations			
Salaries and employee benefits	$ 1,022,456	$ 1,055,324	-
Operating Expenditures	447,051	422,279	-
Maintenance and repairs	515,300	307,546	-
Contracted services	29,500	12,945	-
Total	2,014,307	1,798,094	216,213
Consumer billing and collection			
Salaries and employee benefits	218,932	220,796	-
Operating expenditures	84,032	86,738	-
Contracted services	122,468	120,940	-
Total	425,432	428,474	(3,042)
Electrical power purchases	8,107,371	7,910,945	196,426
Debt service			
Principal payments	265,783	263,008	
Interest and fees	51,427	46,425	
Total	317,210	309,433	7,777
Capital outlay	524,272	313,769	210,503
Total expenditures	11,388,592	10,760,715	627,877
Revenues over (under) expenditures	328,613	1,127,376	798,763
Other financing sources (uses)			
Transfers (to) from other funds			
Transfers out	(616,323)	(616,323)	-
Fund balance appropriated	287,710	-	(287,710)
Total	(328,613)	(616,323)	(287,710)
Revenues and other sources over (under) expenditures and other uses	$ -	$ 511,053	$ 511,053

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-11**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Electric (continued)

Year Ended June 30, 2018

Reconciliation of modified accrual basis to full accrual basis		
Total revenues and other financing sources	$	511,053
Reconciling items		
Depreciation		(477,750)
Principal payments		263,008
Capital Outlay		313,769
Change in net position	$	610,080

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-12**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Water and Sewer

Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Water sales	$ 1,200,000	$ 1,201,340	
Sewer charges	1,580,000	1,603,427	
Miscellaneous revenue	77,533	86,156	
Water and sewer taps	8,000	39,230	
Total operating revenues	2,865,533	2,930,153	$ 64,620
Nonoperating revenues and other financing sources			
Interest earnings	5,330	16,305	
Total revenues	2,870,863	2,946,458	75,595
Operating expenditures			
General operations			
Salaries and employee benefits		372,547	
Operating expenditures		271,229	
Maintenance and repairs		126,248	
Contracted services		1,653,496	
Total operating expenditures	2,650,486	2,423,520	226,966
Debt service			
Principal payments	172,701	172,701	
Interest and fees	150,117	178,890	
Debt Reserve	29,370	-	
Total	352,188	351,591	597
Capital outlay	433,286	560,123	(126,837)
Other financing sources (uses):			
Transfers In	96,643	87,308	(9,335)
Issuance of debt	240,000	240,000	-
Appropriated fund balance	228,454	-	(228,454)
Total expenditures and other financing uses	2,870,863	3,007,926	(137,063)
Revenues and other sources over (under) expenditures and other uses	$ -	$ (61,468)	$ (61,468)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-12**
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Proprietary Fund – Water and Sewer (continued)

Year Ended June 30, 2018

Revenues and other sources over (under) expenditures and other uses	$ (61,468)
Reconciling items	
Capital outlay	560,123
Depreciation	(418,819)
Principal payments	172,701
Loan proceeds	(240,000)
Change in net position	$ 12,537

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-13**

Schedule of Revenues and Expenditures - Budget and Actual
Water/Sewer Capital Project Fund

From Inception and for Year Ended June 30, 2018

	Project Authorization	Prior Years	Current Year	Variance Positive (Negative)
Expenditures				
Construction	$ 1,245,212	$ -	$ 368,299	$ 876,913
Engineering	235,000	89,508	60,927	84,565
Contingency	69,788	-	11,400	58,388
Total expenditures	1,550,000	89,508	440,626	1,019,866
Revenues over (under) expenditures	(1,550,000)	(89,508)	(440,626)	(1,019,866)
Other Financing Sources (Uses)				
Loan proceeds	1,550,000	-	514,597	(1,035,403)
Total other financing sources	1,550,000	-	514,597	(1,035,403)
Revenues and other financing sources over (under) expenditures	$ -	$ (89,508)	$ 73,971	$ (15,537)

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-14**

Schedule of Ad Valorem Taxes Receivable

June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	$ -	$ 1,263,927	$ 1,237,936	$ 25,991
2016-2017	17,085		6,869	10,215
2015-2016	28,694		426	28,269
2014-2015	26,004		380	25,624
2013-2014	11,276		174	11,102
2012-2013	15,977		162	15,815
2011-2012	8,386		371	8,015
2010-2011	6,527		624	5,903
2009-2010	7,000		236	6,764
2008-2009	5,416		636	4,779
2007-2008	4,310		268	4,042
	$ 130,675	$ 1,263,927	$ 1,248,082	146,519
Less: allowance for uncollectible accounts				
General fund				(55,021)
Ad valorem taxes receivable - net				$ 91,498

Ad valorem taxes - General Fund	$ 1,274,723
Reconciling Items	
Penalties and interest	(9,955)
Adjustments	(16,686)
Subtotal	(26,641)
Total Collections and Credits	$ 1,248,082

TOWN OF AYDEN, NORTH CAROLINA **Schedule A-15**
Analysis of Current Tax Levy
Town-Wide Levy

For the Fiscal Year Ended June 30, 2018

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 234,338,080	0.54	$ 1,265,426	$ 1,109,564	$ 155,861
Penalties	-		-	-	-
Total	234,338,080		1,265,426	1,109,564	158,916
Discoveries:					
Current year taxes	133,148	0.54	719	719	-
Penalties	-		-	-	-
Total	133,148		719	719	-
Abatements	(410,741)		(2,218)	(2,218)	-
Total property valuation	$ 234,060,487				
Net Levy			1,263,927	1,108,065	158,916
Uncollected taxes as of June 30, 2018			25,991	25,815	176
Current year's taxes collected			$ 1,237,936	$ 1,082,250	$ 158,740
Current levy collection percentage			97.94%	97.67%	99.89%
Prior year collection percentage			98.64%	98.45%	100.00%

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STATISTICAL SECTION

TOWN OF AYDEN, NORTH CAROLINA **Table 1**

Net Position by Component

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	$ 3,043,431	$ 3,108,602	$ 3,765,711	$ 3,809,354	$ 4,174,459	$ 4,743,747	$ 4,483,995	$ 4,588,597	$ 4,451,727	$ 4,274,149
Restricted for stabilization	-	-	645,041	588,086	499,582	636,185	531,177	634,346	886,344	823,371
Restricted	36,877	43,192	82,979	53,037	200,059	169,099	379,435	482,463	333,835	372,402
Unrestricted	2,233,862	2,193,970	1,118,802	1,641,106	1,569,802	1,646,514	1,304,202	501,901	358,423	241,581
Total governmental activities net position	5,314,170	5,345,764	5,612,533	6,091,583	6,443,902	7,195,545	6,698,809	6,207,307	6,030,329	5,711,503
Business-type activities:										
Net investment in capital assets	14,253,221	14,179,025	13,811,977	13,201,172	8,573,742	8,539,499	9,892,721	10,050,359	8,486,229	8,566,881
Reserve for debt service	-	-	-	-	-	-	-	-	-	293,700
Unrestricted	8,860,149	8,942,044	9,229,443	9,128,592	7,615,207	7,159,925	5,944,121	5,655,917	7,380,250	7,507,183
Total business-type activities net position	23,113,370	23,121,069	23,041,420	22,329,764	16,188,949	15,699,424	15,836,842	15,706,276	15,866,479	16,367,764
Primary government:										
Net investment in capital assets	17,296,652	17,287,627	17,577,688	17,010,526	12,748,201	13,283,246	14,376,676	14,638,956	12,937,956	12,841,030
Restricted for stabilization	-	-	645,041	588,086	499,582	636,185	531,177	634,346	886,344	1,117,071
Restricted	36,877	43,192	82,979	53,037	200,059	169,099	379,435	482,463	333,835	372,402
Unrestricted	11,136,011	11,136,014	10,348,245	10,769,698	9,185,009	8,806,439	7,248,323	6,157,818	7,738,673	7,748,764
Total primary government net position	$ 28,469,540	$ 28,466,833	$ 28,653,953	$ 28,421,347	$ 22,632,851	$ 22,894,969	$ 22,535,611	$ 21,913,583	$ 21,896,808	$ 22,079,267

* Beginning in FYE 13 the Town no longer reports the assets of the Ayden Housing Authority.

TOWN OF AYDEN, NORTH CAROLINA **Table 2**

Changes in Net Position

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	$ 897,834	$ 717,193	$ 804,013	$ 666,360	$ 743,600	$ 726,966	$ 661,639	$ 1,235,644	$ 823,723	$ 923,565
Public safety	1,476,039	1,581,125	1,641,574	1,376,675	1,565,843	1,630,617	1,627,515	1,595,026	1,788,273	1,829,536
Transportation	589,607	577,273	572,786	522,395	661,647	591,579	669,403	700,389	788,981	771,898
Environmental Protection	216,049	218,476	215,400	189,537	198,438	220,042	235,489	218,076	295,492	305,365
Econ and Physical Development	221,846	623,233	351,730	539,699	202,990	207,294	472,657	447,007	473,052	1,220,725
Cultural and Recreational	350,999	328,809	389,589	373,905	421,874	599,715	501,867	494,183	894,560	595,154
Interest on long-term debt	19,940	14,932	10,562	6,123	4,176	8,917	27,309	95,211	68,389	15,189
Total governmental activities expenses	3,772,314	4,061,041	3,985,654	3,674,694	3,798,568	3,985,130	4,195,879	4,785,536	5,132,470	5,661,432
Business-type activities:										
Electric	12,100,905	12,054,697	12,401,694	12,788,639	12,675,340	13,048,383	12,025,369	10,261,525	10,968,831	10,661,688
Water and Sewer	1,999,041	2,264,929	2,347,075	2,394,413	2,409,206	2,630,572	2,709,417	2,930,107	2,933,911	3,021,229
Total business-type activities expenses	14,099,946	14,319,626	14,748,769	15,183,052	15,084,546	15,678,955	14,734,786	13,191,632	13,902,742	13,682,917
Total primary government expenses	$ 17,872,260	$ 18,380,667	$ 18,734,423	$ 18,857,746	$ 18,883,114	$ 19,664,085	$ 18,930,665	$ 17,977,168	$ 19,035,212	$ 19,344,349
Program Revenues										
Governmental activities										
Charges for services:										
Refuse collection	$ 286,877	$ 293,987	$ 292,668	$ 293,725	$ 298,668	$ 300,794	$ 287,604	$ 306,944	$ 362,143	$ 311,349
Culture and recreation	7,842	6,937	9,533	14,066	25,438	41,709	60,003	69,347	84,498	91,405
Other activities	135,703	202,795	277,519	244,428	342,393	327,277	321,026	375,167	478,034	421,253
Operating grants and contributions	409,728	903,974	472,246	508,673	270,092	839,769	55,148	66,571	349,273	518,227
Capital grants and contributions	-	-	362,721	164,806	252,637	209,472	419,311	372,469	390,845	688,060
Total gvtmental activities program revenues	840,150	1,407,693	1,414,687	1,225,698	1,189,228	1,719,021	1,143,092	1,190,498	1,664,793	2,030,294
Business-type activities:										
Charges for services:										
Electric	11,942,214	11,894,652	12,712,314	12,144,594	12,612,648	13,136,959	13,031,644	10,974,130	11,413,703	11,814,889
Water and Sewer	2,155,895	2,063,820	2,189,864	2,212,658	2,313,533	2,359,362	2,451,240	2,511,347	2,819,500	2,930,153
Capital grants and contributions	1,511,507	736,922	304,898	829,867	77,976	92,097	-	-	-	-
Total business-type activities program revenues	15,609,616	14,695,394	15,207,076	15,187,119	15,004,157	15,588,418	15,482,884	13,485,477	14,233,203	14,745,042
Total primary government program revenues	$ 16,449,766	$ 16,103,087	$ 16,621,763	$ 16,412,817	$ 16,193,385	$ 17,307,439	$ 16,625,976	$ 14,675,975	$ 15,897,996	$ 16,775,336
Net (Expense)/Revenue										
Governmental activities	$ (2,932,164)	$ (2,653,348)	$ (2,570,967)	$ (2,448,996)	$ (2,609,340)	$ (2,266,109)	$ (3,052,787)	$ (3,595,038)	$ (3,467,676)	$ (3,631,138)
Business-type activities	1,461,941	309,522	329,334	(256,747)	(80,389)	(90,537)	748,098	293,845	330,461	1,062,125
Total primary government net expense	$ (1,470,223)	$ (2,343,826)	$ (2,241,633)	$ (2,705,743)	$ (2,689,729)	$ (2,356,646)	$ (2,304,689)	$ (3,301,193)	$ (3,137,215)	$ (2,569,013)

TOWN OF AYDEN, NORTH CAROLINA **Table 2**

Changes in Net Position (continued)

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 1,075,748	$ 1,087,803	$ 1,091,098	$ 1,119,855	$ 1,190,108	$ 1,265,139	$ 1,247,917	$ 1,259,559	$ 1,298,611	$ 1,226,773
Sales taxes	841,834	798,442	822,208	860,151	859,168	844,197	981,370	899,890	1,047,280	1,086,698
Franchise taxes	411,101	410,173	420,888	411,409	423,210	418,296	393,042	505,295	520,104	514,568
Restricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	158,566	32,650	22,598	15,719	12,113	8,649	7,195	14,312	5,595	24,199
Miscellaneous	69,222	47,876	67,093	62,373	59,295	60,807	53,789	-	204,785	168,849
Transfers	405,000	307,997	413,850	458,540	417,765	420,664	424,520	424,520	599,520	529,015
Total governmental activities	2,961,471	2,684,941	2,837,735	2,928,047	2,961,659	3,017,752	3,107,833	3,103,576	3,675,895	3,550,102
Business-type activities:										
Investment earnings	33,384	6,174	4,867	3,631	848	176	102	109	25,910	89,507
Miscellaneous	-	-	-	-	-	21,500	-	-	-	-
Transfers	(405,000)	(307,997)	(413,850)	(458,540)	(417,765)	(420,664)	(424,520)	(424,520)	(599,520)	(529,015)
Total business-type activities	(371,616)	(301,823)	(408,983)	(454,909)	(416,917)	(398,988)	(424,418)	(424,411)	(573,610)	(439,508)
Total primary government	$ 2,589,855	$ 2,383,118	$ 2,428,752	$ 2,473,138	$ 2,544,742	$ 2,618,764	$ 2,683,415	$ 2,679,165	$ 3,102,285	$ 3,110,594
Changes in Net Assets:										
Governmental activities	$ 29,307	$ 31,593	$ 266,769	$ 479,050	$ 352,319	$ 751,643	$ 55,046	$ (491,462)	$ 208,219	$ (81,036)
Business-type activities	1,090,325	7,699	(79,649)	(711,656)	(497,306)	(489,525)	323,680	(130,566)	(243,149)	622,617
Total primary gov't change in net position	$ 1,119,632	$ 39,292	$ 187,120	$ (232,606)	$ (144,987)	$ 262,118	$ 378,726	$ (622,028)	$ (34,930)	$ 541,581

TOWN OF AYDEN, NORTH CAROLINA **Table 3**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	n/a	n/a	$ -	$ -	$ -	$ -	$ 264,866	$ -	$ 27,533	$ 38,744
Restricted for Stabilization	n/a	n/a	506,278	588,086	473,014	472,266	531,177	634,346	886,344	823,371
Restricted	n/a	n/a	43,837	53,037	57,218	83,477	237,540	391,455	293,434	377,085
Committed	n/a	n/a	5,684	4,567	52,112	65,582	48,279	47,704	-	-
Assigned	n/a	n/a	-	-	-	-	59,351	70,121	102,822	224,950
Unassigned	n/a	n/a	1,293,193	1,615,205	1,631,837	1,400,923	1,352,380	773,658	1,086,369	1,164,649
Reserved	$ 445,241	$ 479,137	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved	1,786,349	1,723,855	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total general fund	$ 2,231,590	$ 2,202,992	$ 1,848,992	$ 2,260,895	$ 2,214,181	$ 2,022,248	$ 2,493,593	$ 1,917,284	$ 2,396,502	$ 2,628,799
All Other Governmental Funds										
Nonspendable	n/a	n/a	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for Stabilization	n/a	n/a	-	-	26,568	163,625	-	-	-	-
Restricted	n/a	n/a	138,763	124,477	142,841	85,622	141,895	91,008	40,401	(4,683)
Committed	n/a	n/a	39,142	1,039	-	-	-	-	-	-
Assigned	n/a	n/a	-	-	-	-	-	-	-	-
Unassigned	n/a	n/a	(84,182)	-	(26,568)	(158,900)	-	-	-	-
Reserved	$ -	$ -	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:										
Special revenue funds	1,832	21,498	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Permanent funds	38,365	38,155	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total all other government funds	$ 40,197	$ 59,653	$ 93,723	$ 125,516	$ 142,841	$ 90,347	$ 141,895	$ 91,008	$ 40,401	$ (4,683)

TOWN OF AYDEN, NORTH CAROLINA **Table 4**

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ending	Real Property Residential and Commercial Property	Personal Property Motor Vehicle and Other Personal Property	Total Taxable Assessed Value	(1) Total Direct Tax Rate	Estimated Actual Taxable/ Market Value	(2) Assessed Value as a Percentage of Market Value
2009	$ 185,455,482	$ 29,026,000	$ 214,481,482	0.50	n/a	n/a
2010	190,867,494	26,683,600	217,551,094	0.50	n/a	n/a
2011	190,603,756	25,766,000	216,369,756	0.50	n/a	n/a
2012	195,593,162	27,921,400	223,514,562	0.50	n/a	n/a
2013	192,572,117	28,103,889	220,676,006	0.54	n/a	n/a
2014	197,685,555	36,490,926	234,176,481	0.54	n/a	98.50%
2015	200,998,070	29,499,074	230,497,144	0.54	n/a	98.61%
2016	201,997,068	27,118,889	229,115,957	0.54	229,115,957	100.00%
2017	202,776,666	29,428,889	232,205,555	0.54	232,205,555	100.00%
2018	205,197,258	28,863,230	234,060,487	0.54	234,060,487	100.00%

(1) Per $100 Value
(2) Source: Pitt County Tax Assessor's Office

TOWN OF AYDEN, NORTH CAROLINA **Table 5**

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Fiscal Year Ending	Town Direct Rates		Overlapping Rates		
	Basic Rate	Total Direct	Rescue District	Fire District	County
2009	0.50	0.50	0.0440	0.0300	0.6650
2010	0.50	0.50	0.0440	0.0300	0.6650
2011	0.50	0.50	0.0440	0.0425	0.6650
2012	0.50	0.50	0.0460	3.0475	0.6650
2013	0.54	0.54	0.0460	0.0475	0.6800
2014	0.54	0.54	0.0460	0.0475	0.6800
2015	0.54	0.54	0.0460	0.0475	0.6800
2016	0.54	0.54	0.0460	0.0475	0.6800
2017	0.54	0.54	0.0460	0.0475	0.6860
2018	0.54	0.54	0.0460	0.0475	0.6860

Note: Tax rates are based on $100 per assessed valuation for Town of Ayden and all overlapping governments.

Source: Pitt County Tax Assessor

TOWN OF AYDEN, NORTH CAROLINA **Table 6**

Principal Taxpayers

Last Ten Fiscal Years

	2018			2009		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
ROSEMYR CORPORATION	$ 12,392,098	1	5.29%			
ROBINSON, RUDY	2,084,753	2	0.89%			
FAIRMONT VILLAGE APARTMENTS	2,069,274	3	0.88%	1,216,970	7	0.56%
GOODING, WILLIAM E ET ALS	1,902,922	4	0.81%			
ROBINSON, RUDOLPH & MARIE S	1,794,301	5	0.77%			
AYDEN GOLF AND COUNTRY CLUB	1,715,919	6	0.73%			
GREENBRIAR APARTMENTS	1,635,839	7	0.70%			
LENOIR COUNTY COMMUNITY COLLEGE FOUNDATION	1,634,896	8	0.70%			
EASTERN AREA MANAGEMENT LLC	1,506,189	9	0.64%			
MINNESOTT LANDING LLC	1,410,641	10	0.60%			
JUDSON POPE LLC				1,167,830	8	0.54%
AYDEN ASSOCIATES				2,942,444	1	1.36%
HILLCO, LTD (BRITTHAVEN)				2,009,821	2	0.93%
GREENBRIAR APARTMENTS				1,604,955	3	0.74%
JOYCE HARRIS				1,394,249	4	0.65%
AYDEN PLAZA, LLC				1,374,962	5	0.64%
CAROLINA DH IX, LLC				1,294,692	6	0.60%
BRIARCLIFF MANOR APTS				993,594	9	0.46%
DM PROPERTIES OF PIIT COUNTY				931,777	10	0.43%
Totals	$ 28,146,832		12.03%	$ 14,931,294		6.91%

Source: Pitt County Tax Office

TOWN OF AYDEN, NORTH CAROLINA **Table 7**

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending 30-Jun	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	of Levy		Amount	Percentage of Levy
2009	$ 1,079,656	$ 1,037,808	96.12%	$ 40,322	$ 1,078,130	99.86%
2010	1,093,333	1,047,361	95.80%	41,984	1,089,345	99.64%
2011	1,087,394	1,037,439	95.41%	43,518	1,080,957	99.41%
2012	1,123,507	1,069,742	95.21%	41,911	1,111,653	98.94%
2013	1,197,941	1,116,143	93.17%	36,218	1,152,361	96.20%
2014	1,271,512	1,211,509	95.28%	57,911	1,269,420	99.84%
2015	1,245,006	1,141,635	91.70%	48,314	1,189,949	95.58%
2016	1,214,741	1,178,388	97.01%	14,528	1,192,916	98.20%
2017	1,259,310	1,242,225	98.64%	6,869	1,249,094	99.19%
2018	1,263,927	1,237,936	97.94%	-	1,237,936	97.94%

TOWN OF AYDEN, NORTH CAROLINA **Table 8**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities					Business-type Activities						
Fiscal Year Ending	General Obligation Bonds	Installment Purchases	Sales Tax Increment Bonds	Lease Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Installment Purchases	Capital Loans	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2009	$ -	$ 342,271	$ -	$ -	$ -	$ 2,937,000	$ -	$ 2,483,324	$ -	$ 5,762,595	6.58%	$ 1,171
2010	-	238,019	-	-	-	2,937,000	-	2,352,623	-	5,527,642	6.28%	1,118
2011	-	129,453	-	-	-	2,906,000	-	2,221,922	-	5,257,375	5.90%	1,050
2012	-	88,280	-	-	-	2,873,000	-	2,091,221	-	5,052,501	5.65%	1,006
2013	-	455,160	-	-	-	2,839,000	-	1,960,520	-	5,254,680	5.87%	1,044
2014	-	422,466	-	-	-	2,803,000	-	1,829,819	-	5,055,285	5.88%	1,001
2015	-	317,058	-	-	-	2,766,000	-	1,699,118	-	4,782,176	5.01%	945
2016	-	644,819	-	-	-	2,727,000	316,975	1,568,415	-	5,257,209	5.61%	1,040
2017	-	632,312	-	-	-	2,686,000	1,941,352	1,437,714	-	6,697,378	(1)	1,290
2018	-	626,094	-	-	-	2,644,000	1,678,344	1,547,013	-	6,495,451	(1)	1,263

(1) Information is unavailable

TOWN OF AYDEN, NORTH CAROLINA **Table 9**

Direct and Overlapping Activities Debt

Last Ten Fiscal Years

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Town of Ayden, NC			
Subtotal, direct debt	$ -		$ -
Overlapping General Obligation Debt	-		-
Total Direct and Overlapping Debt	$ -		$ -

TOWN OF AYDEN, NORTH CAROLINA **Table 10**

Legal Debt Margin Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$ 17,158,519	$ 17,404,088	$ 17,309,580	$ 17,881,165	$ 17,654,080	$ 18,734,118	$ 18,439,772	$ 18,329,277	$ 18,576,444	$ 18,724,839
Total net debt applicable to limit	5,762,595	5,527,642	5,386,828	5,052,501	5,254,680	5,055,285	4,782,176	4,940,234	6,697,378	-
Legal debt margin	$ 11,395,924	$ 11,876,446	$ 11,922,752	$ 12,828,664	$ 12,399,400	$ 13,678,833	$ 13,657,596	$ 13,389,043	$ 11,879,066	$ 18,724,839
Total net debt applicable to the limit as a percentage of debt limit	33.58%	31.76%	31.12%	28.26%	29.76%	26.98%	25.93%	26.95%	36.05%	0.00%

Legal Debt Margin Calculation for Fiscal Year Ending 2018

Assessed value	$ 234,060,487
Debt limit (8% of assessed value)	18,724,839
Debt applicable to limit:	
General obligation bonds	-
Certificates of Participation	-
Installment Purchases	-
Notes/Bonds Payable	-
Legal debt margin	$ 18,724,839

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value.
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TOWN OF AYDEN, NORTH CAROLINA **Table 11**

Pledged-Revenue Coverage

Last Ten Fiscal Years

	Water Revenue Bonds					
Fiscal Year Ending	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 2,062,239	$ 1,570,681	$ 491,558	$ -	$ 95,754	513%
2010	2,051,727	1,584,986	466,741	-	128,494	363%
2011	2,178,059	1,693,895	484,164	31,000	128,494	304%
2012	2,211,108	1,810,078	401,030	33,000	127,138	250%
2013	2,313,533	1,828,086	485,447	34,000	125,684	304%
2014	2,359,362	2,048,888	310,474	36,000	124,206	194%
2015	2,476,405	2,116,348	360,057	36,000	123,631	226%
2016	2,511,347	2,379,382	131,965	39,000	121,013	82%
2017	2,819,500	2,465,037	354,463	41,000	119,306	221%
2018	2,946,457	2,410,752	535,705	42,000	117,513	336%

Note: Debt Service is represented by current portion of Revenue Bond Debt

TOWN OF AYDEN, NORTH CAROLINA **Table 12**

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Per Capita Personal Income (1)	Personal Income *(thousands of dollars)*	County Public School Enrollment (2)	County Unemployment Rate (3)	Median Age
2009	4,923	$ 17,797	$ 87,615	23,022	10.9%	42.9
2010	4,943	17,797	87,971	23,267	9.8%	42.4
2011	5,008	17,797	89,127	23,235	7.8%	39.3
2012	5,022	17,797	89,377	23,386	10.6%	40.0
2013	5,032	17,797	89,555	23,495	9.6%	36.6
2014	5,048	17,018	85,907	23,500	6.9%	37.5
2015	5,059	18,880	95,514	23,511	6.9%	38.1
2016	5,053	18,558	93,774	23,056	5.9%	36.8
2017	5,191	19,137	(4)	23,310	4.9%	(4)
2018	5,143	19,137*	(4)	23,301	4.5%	(4)

1 Provided by the US Census Bureau Quick Facts
2 Provided by the Pitt County Board of Education
3 NC Employment Security Commission. Annual Average for prior calendar years for Pitt County
4 Information unavailable for this period
* Last updated 2016

TOWN OF AYDEN, NORTH CAROLINA **Table 13**

Principal Employers

Current Year and Nine Years Ago

	2018			2009		
Employer	FT Employees	Rank	Percentage of Total city Employment	FT Employees	Rank	Percentage of Total city Employment
Weyerhaeuser	170	1	n/a	200	1	n/a
Minges Bottling Group	150	2	n/a	85	3	n/a
Carolina Catfish	125	3	n/a	128	2	n/a
Town of Ayden	67	4	n/a	76	4	n/a
Ayden Court	61	5	n/a	50	6	n/a
RSB Tabacco	46	6	n/a			
CMI Plastics	32	7	n/a	70	7	n/a
Growers Gin	31	8	n/a	33		
Harvest Time Foods	25	9	n/a	27	5	n/a
Russ Pest Control	13	10	n/a		9	
Free Will Baptist Press				25	10	n/a
BJ Machine Works				32	8	n/a

TOWN OF AYDEN, NORTH CAROLINA **Table 14**

Full-time Equivalent City Government Employees by Function/ Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration	3	3	2	2	2	2	2	2	2	2
Finance	3	3	3	3	3	3	3	3	3	3
Tax Collector	1	1	1	1	1	1	1	1	-	-
Garage	1	1	1	1	1	1	1	1	1	2
Buildings	2	2	2	2	2	2	2	2	2	2
Public Safety										
Sworn Officers	17	18	16	17	18	18	18	18	18	18
Civilians	4	4	4	4	3	4	4	4	4	4
Transportation/Street	9	8	8	7	7	8	8	8	7	8
Sanitation	3	3	2	3	3	3	3	3	3	3
Economic & Physical Dev.	3	3	3	3	3	3	3	3	3	3
Cultural and Recreation	4	4	4	4	4	4	4	4	4	4
Electric Operation	12	11	11	11	12	12	12	12	12	9
Billing and Collections	3	3	3	2	2	2	2	3	3	3
Water and Sewer Operations	6	6	6	6	6	6	6	6	4	6
Total	71	70	66	66	67	69	69	70	66	67

Source: Town Finance Department as of 6/30/18.

TOWN OF AYDEN, NORTH CAROLINA **Table 15**

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	11	11	11
Fire Stations	1	1	1	1	1	1	1	1	1	2
Refuse collection										
Collection trucks	2	2	2	2	3	3	3	3	3	3
Other public works										
Streets (miles)	30	30	30	30	31	31	31	31	31	31
Highways (miles)	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Streetlights	585	590	595	601	611	613	625	625	634	634
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation										
Acreage	9	9	9	9	9	61	61	61	61	61
Playgrounds	2	2	2	2	2	3	3	3	3	3
Baseball/softball diamond	1	1	1	1	1	1	1	1	1	1
Soccer/football fields	1	1	1	1	1	3	3	3	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	60	60	60	60	60	60	60	60	60	60
Fire hydrants	233	237	241	248	251	252	252	252	252	252
Wastewater										
Sanitary sewers (miles)	40	40	40	40	40	40	40	40	40	40
Treatment capacity (thous	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650

Sources: Various Town departments

TOWN OF AYDEN, NORTH CAROLINA **Table 16**

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Zoning Compliance Issued	n/a	91	81	99	90	88	83	84	85	72
Cemetery Lots/Plots Sold	n/a	30	18	21	21	26	24	25	21	19
Police										
Traffic Citations	n/a	2,215	1,536	1,058	1,072	1,158	738	312	575	1,026
Physical Arrests	n/a	603	546	453	511	472	285	-	364	385
Fire stations										
Emergency Responses (town)	n/a	145	165	244	141	208	170	153	206	164
Emergency Responses (Rural)	n/a	120	142	130	118	144	127	115	154	134
Refuse collection										
Refuse Collected (tons)	n/a	1,337	1,448	1,421	1,819	1,799	2,242	2,212	2,315	2,269
Recycling Collected (tons)	n/a	105.0	109.0	1,047.0	149.0	136.0	140.0	124.0	128.0	110.0
Tires/White Goods (Tons)	n/a	6	4	4	4	4	5	4	-	-
Other public works										
Streets Resurfaced (linear ft.)	n/a	2,460	3,350	4,070	2,875	2,770	-	-	-	-
Graves Opened/Closed	n/a	39	32	32	38	40	55	56	53	48
Parks and recreation										
Program Participants	n/a	267	287	304	360	402	1,156	1,784	1,901	2,023
Facility Rentals	n/a	58	84	88	95	108	108	144	160	224
Library										
Total Visitors	n/a	10,622	9,667	9,209	9,950	9,978	8,913	9,420	10,230	9,437
New Library Patrons	n/a	387	280	267	279	242	279	384	253	280
Book Checkouts	n/a	6,681	5,980	5,881	5,922	6,003	5,514	6,010	5,046	5,540
Internet Patrons	n/a	3,382	2,928	3,257	4,677	4,921	4,652	5,652	4,927	4,347
Billing and Collections										
New Account Connections	n/a	705	630	708	663	642	647	681	689	688
Electric Operations										
New Underground/Overhead Servic	n/a	35	29	21	23	19	22	19	32	43
Water/Sewer Operations										
Water Taps/ Impact fees	n/a	19	16	9	18	12	12	12	5	5
Sewer Taps/Impact Fees	n/a	14	12	2	7	4	15	5	19	19

Sources: Town departments

COMPLIANCE SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Ayden, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ayden, North Carolina (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the Ayden Housing Authority, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
December 31, 2018